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Banks take time over Peru's stubborn little debt, Page 20

Kinnock stand against violence reasserts leadership

MR NEIL KINNOCK, leader of Britain's opposition Labour Party, yesterday urged the party's annual conference to turn away from any sympathy with violence and breaking the law and instead to concentrate on seeking power by democratic means at the next general election, **Peter Riddell, Political Editor, writes.**

National Coal Board officials will study a proposal for settling the UK pit dispute on Friday, but board officials were last night said to be unenthusiastic about the plan put to them by a union which represents pit supervisors. Their plan is for an arbitration system to cover any mine faced with closure on economic grounds. Page 11

Labour, Mr Kinnock argued, was insisting that "democracy is the only system we are prepared to use to wield power." He said that Labour "cannot sharpen legality as our main weapon for the future and then simultaneously scorn legality in the present."

His condemnation of violence and illegality follows the strong criticisms at the conference on Monday of police actions during the seven-month miners' strike. There have also been repeated calls at fringe meetings at the conference, which is being held in Blackpool, north-west England, to challenge government legislation on trade union and local government issues.

Mr Kinnock's speech, his most rousing and successful since he became party leader a year ago clearly delighted centre/right trade union leaders and Shadow Cabinet members. One senior party spokesman commented that the speech should help to restore Mr Kinnock's authority and Labour's public standing after his defeat on Monday over proposals for the party's reselection of MPs and after the one-sided police and coal strike debates. But the spokesman conceded that the considerable damage done on Monday would take time to repair.

Mr Kinnock was warmly applauded throughout his speech, partly because some of his warnings were skilfully coded to avoid open dissent.

The Labour leader outlined no new policies but he did highlight the shift in the party's thinking on unemployment. Instead of the previous pledge to cut unemployment back to its late 1970s level, he offered "a new concept of full employment."

He said that this would not be the full employment conceived in the 1940s when people, mostly men, depended upon work for over 40 hours a week between the ages of 16 and 65.

Instead, he urged a strategy for investment and for sponsoring the growth of production and demand. He emphasised that the results must not only increase demand for workers but must also decrease the supply of people seeking employment through a shorter working year and a shorter working life.

On the coal dispute, Mr Kinnock argued that Mrs Margaret Thatcher, the Prime Minister, had "no rational economic cause for maintaining the dispute, either on costs or potential savings. He accused the Government of creating "the condi-

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Conference, Page 11

NEWS SUMMARY

GENERAL

Labour secretary charged in U.S.

Mr Raymond Donovan, President Ronald Reagan's controversial Secretary of Labour, was charged with fraud and grand larceny in connection with work on a New York subway contract, carried out by Donovan's Schiavone construction company shortly before he took office in 1981.

Mr Donovan immediately took unpaid leave of absence from the cabinet to contest the criminal indictment, which he claimed was a "political hatchet job," coming only five weeks before November's elections.

Mr Reagan said he had "complete trust" in Mr Donovan's integrity, but the White House is clearly hoping that his swiftly-taken leave of absence will shield the President from further embarrassment. Page 4

Protest deaths

Four black South Africans, three of them 17-year-olds, were killed as violent protests flared in black communities around Johannesburg and over 100,000 students boycotted schools.

Spain cuts jobs

Spain's Socialist Government announced cuts of more than 10,500 jobs in state-controlled steel, shipbuilding and railway industries as part of a Pta 1,000bn ($5.8bn) industrial restructuring programme.

U.S. 'plans attack'

Nicaraguan leader Daniel Ortega Saavedra told UN that the U.S. was planning a military offensive against his country to prevent the November 4 elections.

Czech aid

Czechoslovak trade unions are sending five tonnes of food aid to Britain to help striking miners, Prague radio reported.

Brussels bomb

A bomb exploded in the Evere district of Brussels causing millions of francs of damage but no casualties. The hitherto unknown "Chosen Communist Fighters" claimed responsibility.

Refugees stay put

Forty-eight East Germans who sought refuge in the West German embassy in Prague last week in a bid to gain exit visas to West Germany were still refusing to leave, West German television reported.

Imports banned

Israel banned the import of 50 items ranging from motor cars to chocolates for six months. It also increased the compulsory deposit on imported items from 15 per cent to 40 per cent in an attempt to ease the drain on the country's dwindling foreign currency reserves. Earlier report, Page 6

Swiss first

Dr Elisabeth Kopp, elected to the Federal Council to succeed Justice Minister Dr Rudolf Friedrich, became Switzerland's first woman Cabinet minister. Page 2

Secrets charge

U.S. Navy intelligence analyst Samuel Morison was charged in Washington with selling secret photographs of a Soviet aircraft carrier to Jane's Defence Weekly, a British magazine.

Egypt raises taxes

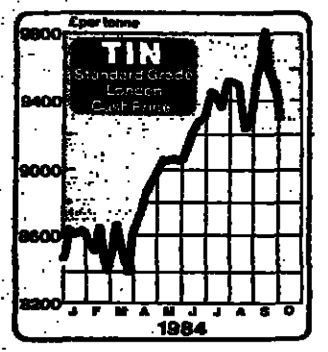
Egypt increased taxes on higher-paid citizens two days after riots by workers in the Nile Delta over rising food prices.

BUSINESS

Corriere della Sera sale imminent

CORRIERE DELLA SERA, Italy's leading newspaper, and other parts of the Rizzoli publishing group are expected to be sold shortly to a consortium including Fiat, Pirelli, the Bonomi family's Invest group and Mediobanca. Page 3

WALL STREET: The Dow Jones industrial average closed down 7.62 at 1,191.36. Section III



DOLLAR weakened in London, easing to DM 3.0425 (DM 3.0615), SwFr 2.5085 (SwFr 2.5175), FFr 9.325 (FFr 9.385) and Y246.0 (Y246.4). Its trade-weighted index slipped from 141.7 to 141.3. Page 39

STERLING showed little change in London, finishing at $1.2395 ($1.2375), DM 3.77 (DM 3.785), SwFr 3.11 (SwFr 3.1175), FFr 11.5675 (FFr 11.605) and Y304.5 (Y304.75). Its trade-weighted index was unchanged at 76.5. Page 39

GOLD rose $0.50 an ounce on the London bullion market to $346.25. It was also higher in Frankfurt at $346.50 and in Zurich at $346.75. In New York the October Comex settlement was $347.20.

TOKYO dipped lower triggered by a wave of blue-chip selling. The Nikkei-Dow market average shed 113.74 to 10,540.05. Section III

LONDON was recovered from the Johnson Matthey affair with subdued activity in all but Government securities. The FT Industrial ordinary index, however, closed up 1.7 at 858.6. Section III

WEST GERMANY has begun taking delivery of natural gas under the controversial contract signed with the Soviet Union three years ago.

IRELAND plans to reduce public sector borrowing from 17 per cent of GNP to just over 11 per cent by 1987, mainly through cuts in capital spending and tight controls on public sector pay. Page 3

DART & KRAFT, U.S. food and consumer goods group, is paying $280m for CFS Continental, a Chicago food distributor. Page 23

LEBANON central bank introduced strict controls on foreign currency trading after stepping in to support the Lebanese pound, which fell to a new low against the dollar.

SPERRY and McDonnell Douglas of the U.S. and Britain's Rolls Royce and British Aerospace have won a $438m U.S. Navy contract to develop a training aircraft.

SECURITY PACIFIC, the expanding U.S. bank group, has acquired Hoenig, a New York Stock Exchange member specialising in block trades for institutions. Page 21

PICK'N PAY, the South African supermarket chain increased pre-tax income in the first half to R22m ($13.03m) on turnover of R845m. Page 22

BOSKALIS Westminster, the troubled Dutch dredging and construction group, is considering withdrawing from all non-dredging activities. Page 22

FABRIQUE Nationale Herstale, the Belgium arms and aeronautics group, expects 1984 turnover to rise by 15 per cent to BFr 20bn ($322m). Page 22

CONTINENTAL Illinois the Chicago bank, plans to cut assets and staffing level next year as part of a long-term strategy. Page 21

INSTITUTIONAL INVESTORS CRITICISE TERMS

British central bank chief defends rescue of Johnson Matthey

BY DAVID LASCELLES AND RAY MAUGHAN IN LONDON

THE GOVERNOR of the Bank of England said yesterday that worries about the gold market lay behind the decision by Britain's central bank to mount Monday's operation to save Johnson Matthey Bankers from collapse.

In the first public comment on the rescue, Mr Robin Leigh-Pemberton said: "It was not acceptable that a member of the London gold market should be allowed to fail."

He was speaking amid signs of strong dissatisfaction in Britain's investment community over the terms of the rescue, which will give Charter Consolidated, the mining finance and industrial investment group, effective control of Johnson Matthey's non-banking operations at what is seen as a very advantageous price.

The Governor claimed that the Bank had been fully aware of the problems emerging at JMB and that he was "perfectly satisfied that the systems of the Bank of England provided us with all the information that we actually needed."

It was also confirmed that the Bank had expressed concern about JMB's mounting loan problems some time before Arthur Young McClelland Moores, the auditors, had given the bank an unqualified report on June 18. The accountancy firm refused to comment.

Mr Leigh-Pemberton, who was addressing a group of Arab bankers, said the JMB affair showed that the Bank expected "a degree of commitment and support from the owners and controllers (of a bank) which goes beyond any purely legal obligations."

The reticence about the causes of JMB's near-collapse was maintained yesterday. But the JMB does have some loan exposure to ESAL, the troubled commodities group which has ceased trading with over $300m in debts.

The creditors, which are mostly Indian and Middle Eastern banks, are due to put a rescue package and a winding-up petition before the Companies Court on October 15. The Bank of England, in its new role as owner of JMB, will now be involved in these proceedings.

However, it was emphasised yesterday that JMB's ESAL loans are not a major problem.

Shares in Johnson Matthey, the precious metals and chemicals group, resumed trading on the London stock market yesterday at 98p, which means that the business now has a capitalisation of £130m against £316m at the end of last week.

Charter's subscription prices of 56p contrasts with Johnson Matthey's estimated assets value of 149p per share after the rescue, or 126p on conversion of the new equity. Charter will have almost 46 per cent of Johnson Matthey on full conversion and many of the City of London's leading institutions, notably its life assurance companies, are beginning to question Charter's exclusive right to take effective control at a pronounced discount to the prevailing market price and asset values.

One fund manager said: "If the company and its advisers are not prepared to be fully forthcoming about the facts behind this rescue we, the institutions, could be very bloody-minded."

While another institutional investor recognised that "the deal was done on a Sunday afternoon when it must have seemed that the world was about to end," many funds were concerned about the quality of information coming from Johnson Matthey's senior executives when, as it now appears, the Bank of England was already expressing reservations about the quality of the banking division's loans.

A meeting between institutions and the company, held at a firm of leading stockbrokers in London in the middle of July, failed to bring out the scope of the bank's problem loans despite explicit questions concerning bad debt provisions.

● Less than three weeks ago, some of the senior Bank of England officials who put together the rescue for Johnson Matthey Bankers were sitting in the ballroom of one of Rome's grandest hotels, debating precisely that: how to stop a bank getting into trouble, and failing all else, whether it was the central bank's job to save it.

The gathering of more than 100

Continued on Page 20

Editorial comment, Page 18; Lex, Page 20

Renault pledge on jobs despite soaring losses

BY PAUL BETTS IN PARIS

RENAULT, the French state-owned car group, does not intend to make any compulsory redundancies in its restructuring efforts to return the company to profit in 1986, M Bernard Hanon, the car group's chairman, announced yesterday.

M Hanon also said the group had lost FFr 3.6bn ($384.4m) in the first half of this year, compared with FFr 1.6bn for the whole of 1983. However at a press conference before the Paris Motor Show, M Hanon said he expected Renault car operations to return to profit by the last quarter of next year and the group to operate profitably in 1986.

He was speaking publicly for the first time since Renault was caught at the centre of a labour dispute that the French Communist Party and the pro-Communist CGT union have tried to use to attack the Socialist Government's tough industrial and economic policies.

However, the labour disruptions that have affected several Renault plants in past days abated yesterday, with production only badly disrupted at Renault's modern plant at Douai, where the R-9 and R-11 models are manufactured.

M Hanon held talks with M André Sainjon, leader of the CGT metal workers' union yesterday, and his announcement that Renault would not make workers redundant is expected to calm the labour climate before Renault begins negotiations on wages and employment tomorrow.

Renault, M Hanon said, envisaged tackling its labour difficulties by introducing a retaining programme and relying on job cuts made on a voluntary basis, early retirements and special incentives such as repatriation allowances for immigrant workers.

The French group would adopt a "Renault model" on the job issue involving a conciliatory and progressive approach to labour relations to resolve its difficulties rather than the American, Italian or British models, he added. The strategy also differs sharply from the hard line to job cuts recently adopted by the French private Peugeot group.

M Hanon said the company's restructuring policies coupled with the now nearly completed renewal of the Renault range of cars would enable the company to regain the French and European market penetration it had lost this year.

Renault is hoping to take between 34 and 35 per cent of the French market next year and 37 per cent in 1987. The target was to gain 13 per cent of the West European market in 1986, M Hanon said. Renault's European market share has dropped in the first eight months of this year to 11 per cent.

He confirmed that Renault plans to see American Motors Corporation (AMC), the U.S. car company of which the French group owns 46 per cent, sell 600,000 cars in 1987. He also stated that AMC would market in the U.S. the Espace leisure van jointly made by Renault and Matra.

The Renault chairman also said the group intended to export to AMC a second vehicle made in France, to reinforce the U.S. company's product range.

Renault's gentle upheaval, Page 19; defending the American dream, Page 23

Ministers sidestep deadlock on EEC funding

By Quentin Peel in Luxembourg

BRITAIN WAS last night again facing the combined persuasive powers of its nine EEC partners to accept some delay in payment of its promised budget rebate and thus allow the Ten to reach agreement on financing the immediate cash crisis of the Community.

An alternative plan would require West Germany to compromise on its insistence that long-term contributions to the EEC can only be increased in 1986, when Spain and Portugal are due to become new members.

Foreign ministers of the Ten met throughout the day in an effort to break the deadlock over EEC finance which has left the Community in danger of running out of funds for its farm spending by the end of the month, and with only three days left to finalise a budget for 1985.

Their problem has been to find some way of allowing Britain its promised Ecu 1bn ($738m) budget rebate for 1984, payable in the form of reduced budget contributions in 1985, when the Community is already certain to overspend its existing resources in the course of the year.

Without any solution, Britain has refused to sanction any increase in finance for the EEC this year – with overspending forecast by the European Commission at some Ecu 1.8bn – and has withheld approval of the 1985 budget, which has to be submitted to the European Parliament by Friday.

Yesterday's compromise, supported by all the members except Britain, would solve the problems of overspending in both 1984 and 1985 in one common agreement between member governments to provide extra money totalling Ecu 2.3bn in the form of an advance.

Britain would contribute nothing under this arrangement, thereby recouping some Ecu 460m of its Ecu 1bn rebate. The problem for Sir Geoffrey Howe, the British Foreign Secretary, is that the remaining Ecu 540m would only be available after January 1 1986, and not during 1985 as promised.

The compromise was put forward after Herr Hans-Dietrich Genscher, West Germany's Foreign Minister, refused to accept an alternative – again supported by nine of the Ten – under which member states' contributions would have been increased from the existing 1 per cent VAT ceiling to 1.2 per cent next

Continued on Page 20

Threat to U.S. on Trade Bill, Page 5

New rescue plan for Creusot-Loire

BY DAVID HOUSEGO IN PARIS

CREUSOT-LOIRE, the bankrupt French heavy engineering group, would suffer a smaller reduction in its labour force as a result of a new rescue package put forward by two public sector companies.

The proposals put forward yesterday by Usinor, the steel group, and Framatome, the nuclear power group, would save, it is claimed, over 1,000 jobs more than the Government-supported plan advanced by Fives-Lille, the private heavy engineering concern. It was abandoned after a hostile reception from trade unions and Creusot-Loire management.

The proposals put forward by the two groups would, according to trade union officials, result in 1,300 of the 7,956 jobs at Creusot-Loire's main works at Le Creusot, Burgundy, and neighbouring sites being lost. The original Fives-Lille plan would have resulted in 2,500 jobs being lost.

The new plan comes at a time when the Government of M Laurent Fabius has come under increasing pressure from the unions, particularly the Communist-led CGT, to keep unemployment to the minimum. As a result of the delays in salvaging the company and its increasingly depressed order book, the new solution would probably prove more costly to the state and Creusot-Loire's creditor banks than its forerunners, but this could not be confirmed yesterday.

Under the plan Framatome would take over Creusot-Loire's energy activities including the turbine, compressor, nuclear and hydraulic equipment units. It would also take over the boiler making plant at Châlon-sur-Saône, which was not included in the proposed acquisitions of Fives-Lille.

Usinor would absorb Creusot-Loire's steelmaking and armaments units at Le Creusot. The main job losses would be in the steel operations.

Clecim, the steel equipment manufacturer and a subsidiary of Creusot-Loire, is now expected to be absorbed by Spie Batignelles, the construction group, with Usinor taking a majority stake.

The Communist-led CGT union yesterday condemned the takeover plans as leading to the break-up of Creusot-Loire

Compact discs take a walk

By Robert Cottrell in Tokyo and Jason Crisp in London

SONY, the Japanese electronics group, launched the first miniature portable compact disc player yesterday in a bid to emulate its earlier success with the Walkman portable cassette player.

The player, called the D 50, to be available in Japan next month, will cost Y49,800 ($202) half the price of normal-sized compact disc players. It weighs 590 grammes and measures 127 mm by 133 mm by 37 mm, small enough to rest in the palm and extended fingers of one hand. (It also requires a separate battery pack if not connected to mains electricity.)

Sony is expected to launch the new player in Europe soon.

Most manufacturers of compact disc players are developing portable versions. Sony's announcement appears to have caught some other manufacturers by surprise. Philips, the Dutch electricals group which developed the compact disc system with Sony, said it would not launch

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Management reforms pay off in higher Soviet production

BY DAVID BUCHAN

SOVIET economic management reforms introduced under the late President Yuri Andropov at the start of this year in certain sectors and republics are already spurring labour productivity, the party newspaper Pravda said yesterday.

None of the industries affected by the reforms had applied for an increase in its workforce this year, and in many the number of workers had begun to decline, Pravda said. At the same time, industrial output natitonally rose by 4.5 per cent between January and June this year above the level in the first half of 1983, and most of this came from an increase in output per worker of 4.2 per cent, according to official figures released earlier.

As a very rough generalisation, the average Soviet worker produces about two-thirds of his Western counterpart's output in comparable time. Aside from relative lack of capital investment, the poorer productivity often stems from factories having too many underemployed workers on their books, with hitherto no financial incentive to keep labour costs low.

The general aim of this year's reforms, introduced in engineering and electrical machinery nationwide and in the food and light industries of the republics of Ukraine, Lithuania and Belorussiya, is to give local managers, and to some extent unions, more flexibility in running their factories.

Under the changes, financial savings from reduced manning can be spread around in more pay for remaining workers, not reapportioned to investment or research.

The reforms are still described as experimental, but are to be extended next year into all-union ministries, such as those of Farm and Energy Machinery and Machine Tools, and into some other sectors of Latvia, Armenia, and the Russian Federation. This is one of the main continuities in policy between Mr Andropov and President Konstantin Chernenko.

But more money for workers only acts as an incentive if there are more goods to spend it on—and this year it seeems there are. Retail trade turnover, a good guide to Soviet personal consumption, rose 5.1 per cent in the first half of 1984, or somewhat faster than the overall industrial growth rate.

Mr Chernenko has long made concern for consumers a theme of his speeches and writings

Poles see isolation ending

By Christopher Bobinski in Warsaw

POLAND IS emerging from the isolation imposed by the West in response to martial law nearly three years ago, according to Mr Jerzy Urban, the government spokesman.

He cited visits planned here for this month by Mr Andreas Papandreou, the Greek Prime Minister, and the Austrian and Finnish foreign ministers, as signs that Poland was no longer considered an outcast.

Mr Papandreou, due here on October 22, will be the first Nato leader to visit Poland since martial law was imposed. Sig Giulio Andreotti, Italy's Foreign Minister, and Herr Hans Dietrich Genscher, his West German counterpart, are also expected in Warsaw later this year.

Meanwhile, tough talking is likely at a meeting between General Wojceich Jaruzelski, Poland's military leader, and Cardinal Jozef Glemp, the Roman Catholic Primate.

It has been expected to take place last weekend, but will now be held in the "near future," Mr Urban said yesterday.

The Government would insist that churches no longer serve "non-religious aims," he said.

Speed limits inch nearer in West Germany

BY RUPERT CORNWELL IN BONN

DYING TREES and ever widening political agitation are steadily pushing the Government here towards overturning a hardy German shibboleth—by imposing mandatory speed limits on the country's roads and autobahns.

So far, backed by the potent motor industry lobby, it has doggedly resisted all pressure. The ministerial watchword has been *Freie Fahrt für freie Bürger*, roughly tobe translated as "in a free country everyone can drive as fast as he likes."

But the position is becoming steadily more difficult to defend. New statistics suggest that 40 per cent of German forests are diseased, while an unpublished report from the Federal Environ-ment Office in Berlin argues that speed limits would be a quicker and more effective means of reducing atmospheric pollution than for cars to be fitted with catalytic converters.

The centre-right coalition has already come under withering fire from the environmentalist Left for its decision last month to put back from 1986 to 1989 the introduction of such devices, enabling cars to burn unleaded petrol.

But even the latter date could be hard to meet. Not only the motor manufacturers but, more menacingly, some of Bonn's partners in the EEC have signalled strong misgivings about such a move, especially if made by West Germany alone. Many other countries hardly conceal their view that the clearest proof of the Government's concern over its trees would be for it to bring in speed limits as are in force virtually everywhere else in Europe.

According to the Environment Office study leaked yesterday limits of 100 kph on motorways and 80 kph on ordinary roads would slash nitric oxide emissions—held to be a prime villain in the forests' demise—by a fifth, and lower carbon dioxide pollution by 420,000 tonnes annually.

These figures are bitterly disputed by opponents of speed limits, inside the Government and out. They claim that the pollution benefits would be tiny, and far outweighed by greater stress for the average citizen caused by longer journey times and more bottlenecks.

Ominously, however, the opposition Social Democrats, previously at odds over the issue, have now opted to back a parliamentary motion from the Greens urging the imposition of limits — at least until converters are in general use.

If the matter came to the vote, it could attract some support from within the coalition, not least because of the immense sensitivity of the environmental issue in national politics.

Leslie Colitt in East Berlin reviews an anniversary marred by a Soviet veto

East Germans chafe under Honecker rein

FOR MONTHS, a forest of signs in every city and hamlet has proclaimed the people's fealty to the German Democratic Republic. The first German "workers' and peasants' state," its legitimacy long disputed by the West, marks its statehood every fifth year with a special fervour.

But this time, the 35th anniversary festivities next Sunday have been hit by an unexpected dampener. Moscow forbade East Germany's leader of more than 13 years, 72-year-old President Erich Honecker, from making a planned visit to West Germany last week, the first visit to West Germany of an East German party leader and president. The visit would have been the crowning achievement of Herr Honecker's career.

The East German celebrations are being staged under the slogan "The GDR is my home." This evoked a tart response from one East German Protestant churchman at last week's church synod meeting in Greifswald. He said East Germans would feel just as much at home if they could "occasionally see a bit more than just this home."

The reference was to the continued restrictions on travel to the West for nearly all East Germans below retirement age. This highly resented ban is acknowledged to be one of the main factors leading East Germans to apply to emigrate to West Germany, a procedure fraught with years of struggle with officialdom, including the state security service.

Many of the 35,000 East Germans allowed out to West Germany earlier this year cited economic conditions as another reason for wanting to leave, despite the relatively high unemployment in West Germany. For, while East Germany has returned to a growth rate of more than 5 per cent this year, the standard of living has stagnated or worsened.

The Government insists there has been no rise in the cost of living but East Germans say inflation is hitting their purchasing power.

Desirable consumer goods, they note, are in many cases more difficult to obtain than five years ago—the waiting time for a two cylinder Trabant car is close to 10 years.

Many graduate engineers say they are working as technicians because of a lack of openings for qualified engineers. The same is true for teachers and other academics. Thus, one of the more positive aspects of East Germany—the seemingly insatiable demand for skilled personnel—is melting away under pressure from Eastern Europe's most intensive rationalisation programme.

East German workers who once freely admitted that in return for low wages their work was far less stressful than in West Germany, are in a different situation today. The director of a plant belonging to the giant WMW machine tool group recently proudly demonstrated to visitors how he was able to keep track of the productivity of every worker at every machine instantly, with the aid of newly-installed electronic devices.

For the present, although some of his people may be chafing at the bit, Herr Honecker's political future appears relatively secure. His heir apparent, Herr Egon Krenz, was only recently elevated to the East German Politburo and at 47 is too young and unknown a quantity to be fully trusted by the aged Soviet Politburo.

Having once challenged Soviet policy, Herr Honecker from now on will have to toe the line very carefully if he is to survive much longer. In the aftermath of the visit's cancellation, he dutifully attacked ultra-Right wingers in West Germany and demanded that East German citizenship be respected.

Bonn's Minister for Inner German Relations, Herr Heinrich Windelen, has also indicated that this divisive issue may be closer to a solution than had been thought possible.

The East German leader was in top form last week when he dedicated the palatial new Soviet House of Science and Culture in East Berlin, built by East Germany, and the largest such edifice outside the Soviet Union. The East German President said his country's "inviolable" friendship with the Soviet Union was a "matter of the heart" for every East German.

Undoubtedly, however, Herr Honecker has earned greater respect from East Germans these past months for standing up to its allies than he did for years of unswerving loyalty to Moscow.

Woman joins Switzerland's cabinet for the first time

BY JOHN WICKS IN ZURICH

SWITZERLAND HAS a woman cabinet minister for the first time. Dr Elisabeth Kopp, of the Radical Democratic Party (FDP), was yesterday elected to the Federal Council to succeed Dr Rudolf Friedrich as Justice Minister. The latter has resigned because of ill health.

A combined election by both Houses of Parliament gave Dr Kopp a narrow majority of 123 out of 241. Mr Bruno Hunziker, whom the FDP had nominated jointly with Dr Kopp for the cabinet vacancy.

The election had been the subject of considerable interest in Switzerland, particularly since the Social Democrats' cabinet candidate, Dr Liliane Uchtenhagen, failed to obtain the necessary votes last December.

Only the Social Democrats had given their undivided support to Dr Kopp on this occasion, the FDP deciding on an almost unprecedented double nomination and other parties declaring a free vote.

Dr Kopp, who is 48, is a lawyer and an MP who has hitherto held a seat in the National Council, Switzerland's Lower House. She is vice-chairman of the FDP, which is chaired by Mr Hunziker.

● The Government has imposed an annual limit of 2,000 permits for the sale of property to foreigners over the next two years. The Federal Council has long been trying to contain the large-scale purchase of Swiss real estate by non-residents.

Dr Elizabeth Kopp: won narrow majority

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EUROPEAN NEWS

EEC spending discipline still not strict enough for some

BY QUENTIN PEEL IN LUXEMBOURG

WHEN the news leaked out of the European Council chamber late on Monday night that EEC Finance Ministers had finally reached agreement on a text of how to impose long-term controls on farm spending, the angriest man appeared to be M Michel Rocard, France's Minister of Agriculture.

He walked out of an Agriculture Ministers' meeting which was discussing ways of draining the notorious wine "lake" declaring that there was no point in continuing those talks if the Finance Ministers were going to impose their own absolute budget discipline.

"The measures which have been drawn up could strangle the Common Agricultural Policy," he said. "How can we accept a sort of double discipline, which would be both arbitrary and absolute? If they don't want to continue with the CAP, they should say so openly."

Yet the self-same package of measures was derided yesterday morning by Herr Hans Dietrich Genscher, the West German Foreign Minister, as "a package of indiscipline," implying that it had been watered down too far to meet the objections of the farm lobbyists.

Mr Nigel Lawson, the British Chancellor of the Exchequer, who has been pressing all along for "effective" discipline on the inexorable increase in farm spending, described the outcome as a "very considerable triumph" for Britain which would "guarantee an effective discipline over expenditure."

Inevitably, the differing interpretations of the deal—whose exact status has anyway still to be determined by the foreign Ministers—really concern how it is implemented in practice, and the political will of future EEC governments to enforce it.

On the one hand it falls well short of the legally-binding decision originally demanded by Britain, and includes several large loopholes to allow Ministers to change their minds. On the other, it represents the first formal commitment by the member states to put a ceiling on their overall spending, however imprecise it may be.

Violent reaction from farmers is likely if the European Commission is not provided with funds to meet the commitments of the common agricultural policy, the farming organisations of the EEC have warned, writes Paul Cheeseright in Brussels. If the Commission lacked adequate means it would have to take restrictive measures which affect farmers' earnings.

The essence of the deal is that it seeks to keep the rate of increase of agricultural spending below the rate of increase in the Communtiy's overall income. A decision in principle to do this was reached last March, to ensure in the long run a gradual switch in resources towards other EEC interests like social affairs, regional policies and increased co-operation in research and high technology industries.

What the Finance Ministers agreed on Monday night, after almost 12 hours of hard bargaining, was a way of calculating the precise figures involved and a means of enforcing compliance. It was the latter to which M Rocard objected so forcibly.

The Finance Ministers agreed that they would set a "reference framework" for the following year's budget each year "at the beginning of the budgetary procedure." That would mean fixing the maximum level of expenditure available, bearing in mind the restriction on the growth of agricultural spending.

Once that ceiling was fixed, any subsequent decision or action which would push spending above the level could be automatically suspended at the request of any member of the Council or the Commission and referred to a special council meeting for consideration. This would be attended by both Finance and Agriculture Ministers.

If that meeting concluded that the measure would indeed exceed the spending ceiling, "it shall reconsider the proposed act with a view to taking appropriate measures."

M Rocard objects that the system gives Finance Ministers a veto over decisions of Farm Ministers, and could be used to prevent the effective operation of agreed policies of the CAP. "Once a right has been granted, you cannot simply put a ceiling on its implementation," he said.

Budget disciplinarians, however, have made a range of important concessions:

● There is no specific date by which the Finance Ministers must impose their spending ceiling, leaving open the possibility that Farm Ministers could approve their annual round of price increases first.

● The text proposes that if farm spending does exceed the limits in one year, the difference must be "clawed back" over the next two, but only "barring abnormal developments."

● Decisions on the spending ceiling, and on any subsequent change in it, will be made by the voting system of "qualified majority," denying any member like Britain an absolute veto.

If Denmark has its way, the whole package will be implemented simply as a Council resolution, without being legally binding, and not as a formal decision. Thereafter its effectiveness will depend entirely on the continuing battle the farm lobby fights with the rest over the soul, and the cash, of the European Community.

Irish to cut public sector borrowing

By Brendan Keenan in Dublin

THE IRISH GOVERNMENT intends to reduce public sector borrowing from the present 17 per cent of gross national product to just over 11 per cent by 1987, mainly through cuts in capital spending and tight controls on public sector pay.

The Government's new economic plan was unveiled yesterday by Dr Garrett FitzGerald, the Prime Minister, and his deputy and coalition partner, Mr Nick Spring, to an audience representing all the main areas of Irish economic and social life. The presentation of the 200-page document emphasised the importance the Government attaches to it both for the economy and its own survival.

Dr Fitzgerald said the plan would end the uncertainty which had persisted in Ireland since the beginning of the decade. Initial reactions from MPs, who have become worried by the slump in the Government's popularity and the apparent lack of direction in policy, appeared good but criticism may grow when the implications for jobs and public services become clearer.

The capital spending budgets of state industries will bear the sharpest cuts. Their borrowing will more than halve to 1½ per cent of GNP as existing projects are completed and few new ones are begun, although there will be an accelerated road development programme.

The Exchequer's own borrowing will fall by less in real terms, dropping 3 percentage points to just under 10 per cent of GNP. The original target of eliminating the deficit on current spending has been abandoned and the intention is to reduce it to 5 per cent of GNP by 1987.

Strict cash limits on public-sector pay increases will be necessary. The total pay and pension bill will grow by less than 14 per cent over the period, compared with a projected increase in the cost of living of over 20 per cent.

The plan contains some popular provisions, the main one being a commitment to hold personal taxation steady in real terms. The most welcome is a reduction in the duty on spirits by I£1.75 (£1.43) a bottle, in order to reduce the quantities being purchased in Northern Ireland. A land tax on farmers is intended to double their tax contribution to I£60m per year.

As an aid to tourism, the licensing hours for public houses will be extended during the summer months, probably to 1 am in selected areas.

The overall objective is to stabilise the proportion of GNP taken up by borrowing and debt servicing.

A suitable suitor for Corriere della Sera

BY ALAN FRIEDMAN IN MILAN

CONTROL of the Rizzoli publishing group—including the Corriere della Sera, Italy's leading newspaper—is expected to pass within the next day or two to a consortium of leading industrialists including the Fiat group, Pirelli, the Bonomi family's Invest group, and Mediobanca, the Milan merchant bank.

The sale marks a political and financial breakthrough after two difficult years of court-appointed receivership and serious fears that the newspaper's editorial independence could be under threat.

No formal announcement is expected before tomorrow but the acquisition by the Gemina financial holding company should be in place shortly. Last night the board of La Centrale, the financial subsidiary of Nuovo Banco Ambrosiano which controls 40 per cent of Rizzoli, met to discuss the sale of options on 36 per cent of its total Rizzoli stake.

The idea is for the Nuovo Ambrosiano group, which inherited the Rizzoli shares from the late Sig Roberto Calvi's Banco Ambrosiano, to maintain a token 4 per cent stake. Meanwhile, negotiations are underway between Gemina and the court-appointed custodians over the future of a further 40 per cent of Rizzoli shares. These are owned by Sig Angelo Rizzoli, former group chairman, who was arrested last year on fraud charges. If Gemina secures his shares, it will have majority control.

Although there are other offers for the Rizzoli group, the Gemina solution is viewed by Rizzoli's top bank creditors, several senior government officials in Rome and many of the staff of the Corriere as the most desirable. The amount to be paid for the Rizzoli shares is likely to be modest.

Aside from financial and technical considerations, delivery of the Corriere into politically centrist hands will be a great relief to many leading Italians. Italy's political parties have been jockeying to control it.

The autonomy of the newspaper, which has a circulation of around 600,000, is viewed by many as a guarantee of democracy. Most newspapers in Italy espouse political attitudes—the Corriere in the dark days of Sig Calvi and his P-2 freemason associates was at times an instrument for some of Italy's most unsavoury political and financial interests.

One senior banker involved in the sale yesterday summed up the three criteria for ownership which he said the Gemina consortium meets: It has a proven entrepreneurial and management track record; the financial strength to reschedule and guarantee Rizzoli's L512bn (£218m) debts and to inject fresh capital; and it appears willing to guarantee Dr Piero Ostellino, the editor, complete editorial freedom.

Italy's annual inflation rate last month dropped below 10 per cent for the first time since 1973, writes James Buxton in Rome. Prices rose in September by 0.7 per cent, making an annual rate of 9.8 per cent, compared with 10.4 per cent rate in August.

Withholding tax move by Bonn

By Rupert Cornwell in Bonn

THE West German cabinet is expected today to decide on the abolition of withholding tax faced by foreign owners of West German fixed interest securities—possibly with retroactive effect from October 1.

Plans to remove the tax of 25 per cent—imposed in 1965 to deter speculative inflows of foreign exchange—were agreed in principle by the government last August. The move has been long advocated by the Bundesbank, on the grounds that the strong dollar means that Bonn, if anything, needs to prevent capital outflows.

That argument gained extra force when the U.S. recently abolished its own similar 30 per cent withholding tax. The delay since the summer has been to allow time for consultations with the state governments who help administer the tax and who have been unhappy at any retroactive provision.

Assuming the decision to remove the tax goes ahead, ratification by the Bundestag and the upper house (or Bundesrat), where the states are represented, could take three months.

Strike in Iceland

State employees in Iceland stopped work yesterday in protest at a cut in their October pay in advance of an indefinite strike over government economic policy which is to start later this month, Reuter reports from Reykjavik.

Limited opening to foreign banks recommended by Swedish report

BY DAVID BROWN IN STOCKHOLM

FOREIGN BANKS should be allowed to establish operations in Sweden from next year, but the size and extent of their activities should be sharply limited. This recommendation by a board appointed by the Government is expected to clear the way for legislation within several months.

Banks could submit applications from July. The Government will decide how many it will permit to set up towards the end of next year, but numbers will probably be restricted.

Sweden is the only West European country in which foreign banks are not allowed to operate, although some have established representative offices.

The report suggests an initial limit of SKr 75m (£7m) on their maximum share capitalisation in order to prevent "sudden changes in the conditions of competition." They would be required to raise money exclusively in Sweden, and to offer a full range of "traditional banking services," including retail operations.

The board, which is looking broadly into Sweden's credit market, said hte banks should not be permitted to open finance companies or brokerage subsidiaries at first, nor should they be allowed to take shareholdings in Swedish banks. It said its recommendations were based on a desire to prevent foreign countries from "limiting opportunities" for Swedish companies and banks abroad.

Norway, for example, recently opened its borders to foreign banks, but a reciprocity requirement has excluded Swedish institutions.

Danish current account warning

BY HILARY BARNES IN COPENHAGEN

DANES were warned yesterday that if the country's current account deficit did not improve in the next few months, the Government will have to curb consumer demand.

"It remains the Government's aim to bring the current account into equilibrium by 1988," said Mr Poul Schlueter, the Prime Minister, at the opening of the parliamentary year.

The session is expected to be dominated by defence and foreign policy. The opposition Social Democrat Party is in a position to defeat the minority coalition Government over the acceptance of nuclear weapons on Danish soil.

Whether it will push such an anti-nuclear resolution, which would be incompatible with Nato's strategy of flexible response, is not known. It could prompt instead a more vaguely-worded resolution which the Government might be able to accept.

Mr Schlueter devoted his speech almost entirely to economic policy for which his government of Conservatives, Liberals, Centre Democrats and Christians is fairly sure of obtaining majority support.

He claimed that good results had been achieved in controlling the budget deficit and stimulating exports and in business investment, and promised that they would not be thrown away recklessly.

Among other things, the freeze on public expenditure would continue.

His optimism was supported by a survey from the Economy Ministry forecasting a 4 per cent real increase in gross domestic product this year and one of 3 per cent in 1985.

Manufacturing investment is expected to increase in real terms by no less than 25 per cent this year and by more than 10 per cent next. Exports of goods and services should rise by 3.5 and 6.5 per cent respectively. Unemployment, which peaked at an average of 283,000 or 10.5 per cent in 1983, is forecast to fall to 278,000 this year and 270,000 in 1985.

The currrent account deficit, however, will top DKr 16bn (£1.17bn), or 2¾ per cent of GDP this year from DKr 10.8bn last year, and will still be about DKr 14bn in 1985. "There is no sign of a lasting and durable improvement," said the survey, which described the deficit as a "critical point."

Budget gap widens in France

By David Housego in Paris

THE FRENCH Government yesterday gave detailed confirmation of the overshooting in this year's budget deficit when it laid before the National Assembly its proposals for 1985.

The Assembly reconvened yesterday after the summer. Its main business for the rest of the year will be the 1985 budget which the Communist Party has announced it will oppose. If they do vote against the budget it will be the first time they have joined the opposition on a major issue since the Left came to power.

The main event of the first day of the new session was the arrival of former President Valery Giscard d'Estaing. He was elected on September 23 to represent the Puy de Dome and took his place just in front of M Raymond Barre, the former Prime Minister.

The 1985 budget proposals show that the government is expecting revenue to fall short of its original budget estimates by FFr 10.9bn (£940m) this year. The shortfall covers personal and corporate tax, as well as indirect taxes. Almost half of it is due to lower VAT receipts than expected.

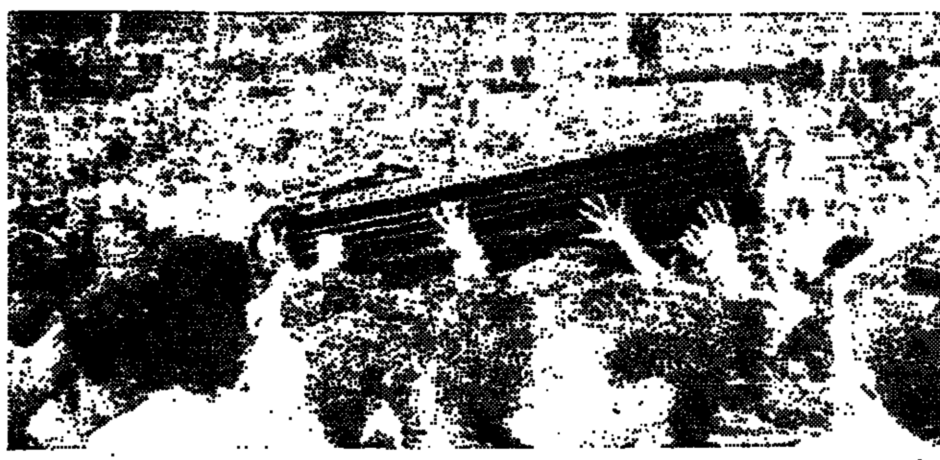
Because of the shortfall in revenues and the uncertainty of debt servicing charges, M Pierre Beregovoy, the Finance Minister, had already announced that the budget deficit this year would reach 3.3 per cent of GNP instead of the 3 per cent ceiling set by President Francois Mitterrand.

EUROPEAN NEWS

LAST FIGHT OF A MATADOR

Not so much a death as a national tragedy

BY DAVID WHITE IN MADRID



Crowds at the Seville bullring pay homage to Paquirri, the matador killed last week

POZOBLANCO, a small town near Cordoba in southern Spain, will never live it down. When a racing driver is killed on the circuit it is a shocking accident, but when a bullfighter dies in the ring, to the people of Spain it is a national tragedy.

The death last week of Francisco Rivera—" Paquirri "—was the first in the ring of a recognised matador for 10 years. Thousands attended his funeral in Seville and the image of the bullfighter tossed around on the bull's horns like a piece of paper is now fixed in people's memories.

Paquirri died on his way to hospital after being gored by the last bull of his final fight of the season. The bull, "Watchful One," was later ritually slain by another matador. Both will join the legendary Manolete, killed in almost exactly the same circumstances in 1947, in bullfighter lore.

Paquirri's home town of Barbete on the southern coast decreed two days of mourning, and dozens of local Andalucian and national personalities went to pay their respects. His critics among the bullfight commentators, ruthless men all, have instantly forgiven him.

After a great deal of scandal among fans about the practice of "shaving" bulls' horns, which makes them blunter and saps the animals' ferocity, last week's death in the ring has proved that bullfighting can still be mortally dangerous.

In the 1930s, Ernest Hemingway noted that almost every newly-arrived correspondent in Spain would write a story along the lines of: "Bullfights wane as soccer sweeps Spain." But the impact of Paquirri's death at the age of 36 shows that the sport (and many would argue about whether it is a sport) continues to exercise its hold on the popular Spanish imagination.

Bullfighting is reckoned to generate at least $62m worth of business a year in Spain. Supporters pay similar prices to those of grand-stand seats for a top football match. Last Wednesday's gate at the modest Pozoblanco ring can be estimated at about Pta 12m (£55,000), but in Madrid, it can easily reach Pta 20m.

With much of the business in the hands of a few big impresarios, top names have to fight in minor as well as major rings. Paquirri, on his last day, was on a Pta 1.5m (£7,000) contract for killing two bulls, but in a major bullring the matadors' fees go up to Pta 3m.

Controversy about the inadequacy of medical facilities at bullrings such as Pozoblanco has added to pressure for reforming the organisation of bullfighting, notorious for its financial and other irregularities.

Paquirri himself, who first wore a suit of lights at the age of 14, was a star. of the "heart-throb Press" even more than of the ring. His first marriage was to the glamorous daughter of Antonio Ordonez, himself a bullfighter of the legendary class. His second, to singer Isabel Pantoja, was last year's wedding of the year.

Afterwards, the bullfight critics taunted him, saying married life had softened him, that he was standing too far from the bulls, and his new wife was quoted voicing her fear every time he walked into the ring.

But last week in Jerez de la Frontera, during the sherry vintage festival, the cocky Paquirri carried the day, rigged out in dark blue and gold, taking in the applause, slowly circling, chest puffed out, arm outstretched, cap in hand and a big grin on his face.

He was carried to the first-aid post in Pozoblanco still smiling, and his last recorded words to the doctor were: "It is a bad wound. It goes in at least two directions, one this way and another that way. Open up whatever you have to open up. Don't you worry."

If that fails to bring a tingle to the spine, savour this: Paquirri's comment to a reporter before he went into the ring, expressing the superstition common to all bullfighters: "I don't like to say it's the last fight. I always like to say it's the last but one."

AMERICAN NEWS

Labour secretary charged with fraud over NY contract

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

MR RAYMOND DONOVAN, President Reagan's controversial Secretary of Labour, yesterday faced formal charges of fraud and grand larceny in connection with work on a New York subway contract shortly before he took office in 1981.

His New Jersey company, Schiavone Construction, was a major contractor on the $186m (£152m) East Manhattan tunnel project in 1979 and 1980.

Mr Donovan immediately took unpaid leave of absence from the Cabinet to contest the criminal indictment, which he said was "not worth the paper it's written on."

Mr Donovan said that the charges, coming only five weeks before November's U.S. elections, were a "political hatchet job," timed for "obviously partisan" reasons. The indictment was brought by an elected Bronx District attorney, Mr Mario Merola, a Democrat.

Mr Donovan said he fully expected to resume his duties "as soon as this injustice has been dealt with." His lawyers, however, said that it will probably, "although unhappily," prove difficult to rebut the charges before the election.

While the new allegations against Mr Donovan are clearly a potential embarrassment for Mr Reagan, the White House was yesterday hoping that his swiftly-taken leave of absence would shield the President from any further fall-out from the case.

Mr Donovan has spent much of his 44 months in office fighting allegations that he had links with organised crime bosses while an executive vice-president of Schiavone. After a lengthy investigation, a special prosecutor in 1982 found "insufficient credible evidence" for his prosecution.

The indictment cited Mr Donovan and seven other company executives on 137 counts, involving one charge of grand larceny, 11 counts of offering false documents for filing and 125 counts of maintaining false business records.

The charges concerned payments of about $8m by Schiavone to a minority-owned subcontractor, Jopel contracting, which were alleged to have been based on phony billings and false statements in order to over-state the amount of work done by Jopel.

Prosecutors in New York denied that the latest charges were politically motivated, saying that *they* had to act now before the statute of limitations prevented further action on the case.

House approves guidelines for cable TV regulation

BY STEWART FLEMING IN WASHINGTON

THE HOUSE of Representatives has approved legislation setting national guidelines for the municipal regulation of cable television.

Among the major provisions of the Bill, which will now go to a conference of the House and the Senate, is a clause forbidding cities from regulating the charges for a basic cable TV service. Another clause limits to 5 per cent of a cable company's gross revenue the charge a city can make in return for granting a cable franchise.

The Bill, which congressional staff expect to be rushed through in the final days of this congressional session, is the result of a hard-won compromise between the cable industry and local government representatives.

It prohibits ownership of a cable system by the owners of a local television station, daily newspaper or telephone company.

It also provides guidelines for the renewal of cable franchises and gives cities the right to require cable companies to provide channels for educational and public service programmes.

U.S. Mafia bosses appear in court

By James Buxton in Rome

THE FIRST of a clutch of bosses of the U.S. Mafia now in custody appeared in U.S. court yesterday after police responded to a request for their arrest by the Italian Government. Italy made the request on evidence against the men supplied by Sig Tommaso Buscetta, a Mafia leader who broke the organisation's traditional oath of silence.

Italy has requested the arrest of 28 leaders of Cosa Nostra, the U.S. branch of the Mafia. Of these, some 16 have surrendered, a further four have been arrested and eight are being hunted.

Italy has asked for the extradition of the men in order for them to stand trial in Italy, under the terms of a new extradition treaty, which came into effect only last week and is designed to make such operations easier.

In Italy investigating magistrates yesterday started interrogating the first of about 200 Mafia suspects incriminated by Sig Buscetta.

More than 60 suspects were arrested in raids all over Italy at the weekend. A further 156 named by Sig Buscetta were already in prison on other charges. But about 150 more suspects, including some senior "godfather" figures in the organisation, have so far escaped capture.

Sig Bettino Craxi, the Prime Minister, described the anti-Mafia operation as "the decisive breakthrough" against the organisation.

But Sig Oscar Luigi Scalfaro, the Interior Minister, who is in Washington for talks with U.S. officials on curbing the Mafia, warned that the Mafia should not be regarded as "decapitated."

Sig Buscetta, once a powerful figure in trans-Atlantic drug trafficking, is by far the most senior Mafia member to break the "omerta," or oath of silence, in recent years.

He has enabled magistrates to identify and in some cases arrest those responsible for a string of murders in recent years of magistrates, politicians and other officials who showed determination and in some cases success in investigating the organisation.

Brazil rescheduling hopes fade as arduous talks loom

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE OUTGOING Brazilian Government of Gen Joao Figueiredo is unlikely to be able to achieve its stated goal of a Mexican-style, multi-year, debt rescheduling package from its bank creditors in the negotiations due to start at the end of this month.

An increasing number of senior Brazilian bankers and other influential figures are coming round to this conclusion in the run-up to what is expected to be an exceptionally arduous and protracted round of talks.

The exception is that the Citibank-led Bank Advisory Committee on Brazilian debt will press instead for an interim "holding" arrangement to tide Brazil over until the new civilian government – due to take over next March – is firmly installed.

Sr Mario Henrique Simonsen, the former Planning Minister, said this week that most international banks favoured giving Brazil more generous terms on its $98bn foreign debt only after they had seen the colour of the new government.

Other well, placed observers also believe that in the interest of bolstering stability in Brazil during the delicate transition back to civilian rule, Brazil's bank creditors will want to help the new government with an agreement which would ease the pressures on it.

Sr Olavo Setubal, president of the Itau Group, Brazil's second ranking financial conglomerate, said on Monday he was convinced that the next government would have to argue for better terms within the existing ground rules governing debt renegotiations.

Sr Simonsen, now head of the semi-official Getulio Vargas Foundation – Brazil's leading economics institute – and a board member of Citibank in Brazil, believes the Figueiredo Government will probably obtain only a one-year roll-over of debt principal falling due.

U.S. 'poised to invade Nicaragua'

By Our UN Correspondent

SR DANIEL ORTEGA, leader of the Nicaraguan junta, charged in the United Nations yesterday that the U.S. was planning a Grenada-style operation against his country, to begin on October 15, in a bid to prevent the holding of elections planned for November 4.

"The mercenary forces of the CIA and the Pentagon are already concentrated in the areas bordering Nicaragua in Honduras and Costa Rica," he said. "Also ready are the U.S. forces that would be used for bombings, troop landings and direct incursions into Nicaragua."

Whether a majority of the members of the General Assembly, which he addressed, believe that the Americans are indeed planning such an exercise, there was little doubt where their sympathies lie. There was thunderous applause when he reached and left the rostrum.

Canada growth forecasts revised down

By Bernard Simon in Toronto

THE RISE in interest rates in Canada earlier this year has prompted Canadian economists to revise downwards their 1985 growth forecasts.

The average forecast of 17 leading economists polled by the Ottawa-based Conference Board of Canada is a real 2.3 per cent increase in gross national products next year, compared with 4.2 per cent in 1984.

Earlier this year, the economists predicted a 1985 growth rate of 2.8 per cent.

The Canadian economy is generally regarded as being more sensitive to interest rate changes than the U.S. Despite its close trading links with the U.S. economy, Canada has so far failed to match the growth performance south of the border.

Canadian banks' prime lending rate, which rose from 11 per cent to 13.5 per cent between February and July, stands at 13 per cent.

WORLD TRADE NEWS

Canada's EDC signs C$2bn export finance agreement with China

BY BERNARD SIMON IN TORONTO

CANADA'S Export Development Corporation (EDC) and the Bank of China have signed a general financing agreement which includes a C$2bn (£1.2bn) line of credit for Canadian capital goods and services exports to China and official Chinese guarantees for supplier credits arranged by the EDC.

The agreement marks a further step by Canadian financial institutions in their efforts to forge closer links with China. The signing ceremony in Ottawa was attended by Jin Deqin, Bank of China president, who is visiting Canada at the invitation of Royal Bank of Canada, the country's largest banking group. Royal Bank also recently sponsored a visit to Canada by the Chinese coal minister.

The line of credit replaces a similar arrangement which expired earlier this year. The previous line was used only twice—for the sale of grinding mill equipment and components for 31 earth satellite stations—but the EDC is confident that demand will be significantly greater for the new financing facility.

China became Canada's fifth largest export market in 1983. Sales reached C$1.6bn, almost double 1980 levels. Wheat accounts for 60 per cent of the total, but the EDC said there is considerable potential for Canadian suppliers in the fields of transportation, food processing chemicals, coal mining, telecommunications and hydro-electric power. During his visit to Canada, Jin has visited the De Havilland aircraft factory, Northern Telecom and an Ontario nuclear power station.

Growing trade links and investment opportunities have encouraged Canadian financial institutions to explore ways of expanding their presence in China. Royal Bank last month anounced the formation of a joint merchant banking venture with the China International Trust and Investment Corporation, an enterprise which reports directly to the country's state council.

The Toronto-based firm of investment dealers, Wood Gundy, plans to open an office soon in Shanghai to promote two-way investment opportunities. Another Toronto securities firm, McCarthy Securities, has led a group of Canadian portfolio managers to China to examine Canadian involvement in offshore oil drilling.

While recognising that the Chinese increasingly base foreign trade decisions on price and quality, Canadian bankers hope that political factors will work in their favour. Mr Michael Fei, Royal Bank's regional representative for China, says: "We are regarded by the Chinese as old friends. We do have an edge over the others." Canada has sold wheat to China since the mid-1960s, and recognised the present Chinese Government in 1970.

The Canadian institutions are also attracted by the prospect of substantial opportunities for foreign banks. Mr Kevin Rowe, executive vice-president of the Bank of Nova Scotia (one of four Canadian banks with representative offices in Peking), forecasts that foreign banks will open full branches within the next decade.

Besides trade financing, the Canadian banks are increasingly involved in project financing and syndicated loans. Bank of Nova Scotia is financing construction of an hotel and office complex in Canton, while Royal Bank has arranged a syndicated loan for a beer factory and funded the purchase of vessels by Chinese shipping companies. The banks see opportunities in the five special economic zones and 14 coastal ports opened to foreign businesses.

Shell warning on Middle East petrochemical exports

BY CARLA RAPOPORT

TOP EXECUTIVES at Shell Chemicals, one of the world's largest chemical companies, this week warned that European petrochemical markets will become a "bloodbath" next year with the arrival of petrochemical exports from the Middle East.

Mr Rien Waale, retiring head of the chemicals division of Royal Dutch/Shell, said: "Considering the overcapacity in the European chemical industry, the arrival of the exports from the Middle East will be a shock. I don't see any organised way to absorb it. It will cause a bloodbath in polyethylene and ethylene glycol in the first place, accounting for around 10 per cent of the European markets for those products."

Mr Waale was referring to the $10bn petrochemical development in Saudi Arabia, based on cheap domestic natural gas, nearing completion in Jubail and Yanbu. Shell Chemicals had sales last year of £5bn, and net earnings of £127m. The group's Shell Oil U.S. division is a joint venture partner in one of the Saudi developments.

Mr Jim Gordon, who will be taking over from Mr Waale next month, agreed with him. He said: "It's frustrating. You can put your own house in order (in terms of rationalisation) but the market can still be lousy."

Shell said growth in demand for petrochemicals, which recovered markedly in 1983 and 1984, will slow somewhat in 1985. If the dollar weakens against European currencies, this will also hurt the industry, which is enjoying strong exports to the U.S.

"Too much product on the market will lead us right back to the disaster of 1980 and 1981 when people cut prices to hold market share," Mr Waale said.

The industry was well on the way towards rationalisation when the recent upturn in demand slowed the process. "The returns in the good times weren't that good anyway. There will be a shake-out in the industry—whether it will be 1985 or 1986—it will come," said Mr Waale. He said the survivors will be the chemical divisions integrated into an oil company. "We have the flexibility and access to feedstocks," he said.

"Ethylene will go down in price. That will happen next year unless a miracle happens."

The Shell executives' comments are the latest in a growing chorus of warnings from chemical industry executives who believe that further rationalisation in the European chemical industry is necessary in order to prevent price wars in key petrochemicals next year. The first exports from Saudi Arabia are expected to land in Europe within the next few months.

Northrop 'to countertrade' for sales of F-20 fighters

BY OUR TRADE STAFF

NORTHROP CORPORATION, the U.S. aerospace company, has said it would be prepared to sell its F-20 Tigershark fighter aircraft to Malaysia on a partial countertrade (barter) basis.

A company official, who was part of Northrop sales drive to the Far East, said the company would accept payment partly in the form of primary commodities or manufactured goods.

While no further details were given, the statement indicates the intense competitiveness that surrounds the international market in defence and commercial aviation equipment.

The F-20 Tigershark, which cost about $11.4m (£9.3m) each, has been on the market for more than a year, but no orders have yet been received. It was principally designed for export markets.

U.S. Government authorities have decried the increase in the use of barter and offset arrangement to conclude major U.S. export contracts.

Northrop, however, says it has done barter trade in selling lifts in Egypt, water filtration plants in the U.S., asphalt in Nigeria and construction services in Saudi Arabia.

The Northrop offer follows an announcement last week that France was negotiating with the government of Abu Dhabi to trade Mirage 2000 jet fighters for crude oil. The proposal, announced by Avions Dassault Breguet, said the French Government had approved the deal in principle.

No details of the terms of the countertrade arrangement were released, but it is understood to involve 18 Mirage fighters valued at $500m.

● Four Arab Gulf countries were reported yesterday to be seeking to buy sophisticated U.S.-made General Dynamics F-16 jet fighters, AP reports from Kuwait. The newspaper Al-Qabas said the U.S. promised to consider the requests next year.

The newspaper said the request for the F-16s was made by Kuwait, Saudi Arabia, Bahrain and the United Arab Emirates.

Washington officials, quoted in the story, expressed the view that the Kuwaiti request would face "major difficulties" because of anticipated sharp rejection from the Israeli lobby within Congress, but did not expect the same objection to the requests of Bahrain and the UAE.

Saudi Arabia, Kuwait, Bahrain and the UAE, together with Qatar and Oman, are members of the Gulf Co-operation Council, a regional collective economic and defence alliance.

Officials at the Kuwait Defence Ministry declined comment on the Al-Qabas report.

GE opens branch in Hong Kong

By David Dodwell in Hong Kong

GENERAL ELECTRIC of the U.S. has established a Hong Kong-based affiliate to serve as focal point for the group's business in mainland China.

Mr John Urquhart, an executive vice president of General Electric, said in Hong Kong yesterday that the formation of the company, to be called General Electric (USA) China Co Ltd, was a "milestone in the renewed business relationships between General Electric and the People's Republic of China."

The announcement comes just days after the initialling of the Sino-British declaration on the future of Hong Kong after 1997 and illustrates well the differences between foreign and local businesses based in Hong Kong. Local entrepreneurs, eager to insulate themselves against any future upheavals in China, have yet to show strong interest in investing in the territory whereas many foreign companies, keen to use Hong Kong as a springboard for business in China, have been significant recent investors.

General Electric has recently sold 220 diesel-electric locomotive trains to China and has orders for commercial aircraft and helicopter engines, medical diagnostic equipment.

How SGS casts a net for smugglers

Nigeria has cancelled its contract with the world's biggest import inspector, Christian Tyler, Trade Editor, explains the background

SMUGGLING is a lot more sophisticated these days, thanks partly to the arrival of the cargo container. The picture of a small ship gliding under cover of darkness to a remote jetty to discharge its contraband may be romantic, but it is out of date.

Today, smuggling is not just a matter of sneaking goods in. The really big racket involves getting foreign exchange out. The smuggler himself is not a bearded sea-dog with a pipe. He lives in a luxurious apartment in cities like London or Paris, wears the best suits and drives an expensive car.

Despite periodic crackdowns on corruption, the racket has become endemic to places like West Africa. But it has brought good business for a little-known breed of companies which specialise in checking, on behalf of governments and central banks, that the goods being shipped are as stated by the shipping documents.

The biggest company in the business is Societe General de Surveillance (SGS) of Switzerland, a risk control concern operating in 140 countries and enjoying the highest reputation for impartiality. The news that SGS had lost its contract with the Nigerian Government sent shock waves through the trading community and considerable mystery surrounds the decision.

SGS performs a range of quality control and laboratory testing services. It grades coal, minerals and oil, tests pipe welds, analyses chemicals and puts industrial prototypes through their paces.

But its main job for governments, particularly in the developing world, is to inspect imports. In the case of Nigeria, for example, it was charged not only with verifying quantities and qualities, but also with determining whether the price is reasonable and the trade is legitimate.

Take the case of a company in Britain which has a contract to supply a Nigerian customer with medicines.

The UK company gets price quotations from manufacturers and puts together an invoice. The chosen manufacturer or supplier goes to his bank to open a letter of credit. He then fills in a six-part request for information from SGS (until this week, that is). When the goods are ready, SGS sends one of its 140 UK technical inspectors to the factory to examine the goods and perhaps take samples. If the goods are as specified, SGS issues a satisfactory physical inspection report.

The goods are probably then sent to a trading company's warehouse for packing and shipment by container. Sometimes, but rarely, SGS will carry out another inspection on the quayside.

The final invoice, a copy of the bill of lading, the freight account and the physical inspection report are finally submitted to SGS, which then issues a clean report of findings. This is the essential document for getting the goods accepted at their destination and for release of the foreign exchange

For legitimate traders, this process is no great hardship. What does upset them, however, is the price inspection that SGS has been conducting on behalf of the Nigerian authorities.

According to one exporter, SGS overzealously interpreted its brief and routinely demanded price cuts of around 2½ to 5 per cent. SGS will not talk about its business, but it is likely that the company rings competitors to try and establish a going rate.

A manufacturer with healthy margins will usually succumb to pressure in order to complete the order. A trading house, with much finer margins, tends to protest. The issue has been taken repeatedly to the Department of Trade where, according to one report, officials have said that protests to Nigeria by Britain alone would be misconstrued

One small irony is that Switzerland does not allow SGS—a Swiss company—to inspect goods for price. That job is done by the Nigerian-Swiss chamber of commerce.

The ostensible purpose of this inspection, of course, is to prevent suppliers exploiting Nigerian ignorance of world prices.

A particular bone of contention is that suppliers will often quote a higher price to Nigeria than, perhaps, to Ghana, because of persistent payment delays in Nigeria. SGS, needless to say, is not impressed with that argument.

However hard SGS tries, smuggling will continue so long as officials in importing countries are corrupt. Sometimes an order will be specifically exempted from an SGS inspection—and it is anybody's guess what that implies.

SGS had a turnover last year of SwFr1bn (£437m), and more than a quarter of its earnings are now in North America, where it made a number of acquisitions recently.

Between 1978 and 1982 it doubled its consolidated turnover and showed a net profit increase of 110 per cent. The Union Bank of Switzerland has a 14.3 per cent stake and an undisclosed minority stake is held by Pictet, a private bank in Geneva. Its dividend certificates (not-voting shares) are listed on the Geneva stock exchange and sold over the counter in Zurich.

EEC threat to U.S. on trade Bill

By Ivo Dawnay in Luxemburg

EEC Foreign Ministers yesterday broke off their gruelling negotiations on the Community budget to issue a strongly worded resolution warning of dire consequences for EEC-U.S. trade if Congress accepts new provisions against European wine sales.

The resolution, unanimously approved, also expresses deep concern over proposed amendments in the Trade Bill passing through Congress, which adapt the legal definitions of dumping and subsidies.

Endorsing an earlier complaint to the U.S. Administration by the European Commission, the ministers warned that such legislation would have serious effects on trade, adversely affecting the Community's export interests. It would also be inconsistent with the terms of the General Agreement on Tariffs and Trades and would encourage protectionism.

"Any such legislation, if adopted, would be open to challenge before Gatt and retaliation," the resolution concludes.

The strength of the foreign ministers' warning and the urgency with which it was agreed are clear indications of the seriousness with which the EEC views the new U.S. trade bill.

New Zealand's Premier maps out the future

The economic policies of the new Labour Government of New Zealand appear remarkably liberal, just as those of its conservative predecessor were curiously interventionist. The Prime Minister, Mr David Lange, explained his approach to Nicholas Colchester.

● **On New Zealand's trading role:**

"The country has a chance to win a reputation in the world for the excellence and wholesomeness of its products, to stop being a purveyor of commodities that go into bulk bins, to move to the super-market shelves from the freezer, away from the bale of wool and towards the carpet and the cardigan, to stop exporting jobs and actually create them for ourselves at home.

"So the change is to shift New Zealand from producing in response to subsidies, which are politically sensitive abroad, and very much more toward the market place. If you subsidise production you get production tailored to subsidy."

● **On the new Government's economic approach:**

"The Labour Party's economic ideology stands very simply for efficiency. We are not ashamed at all of having state enterprises having to make a profit. I regard it as a failure of philosophy when state enterprises engage in trading which could be the preserve of the private sector and lose money. It seems to me ludicrous to expect the state to lose money as a matter of principle.

"We are going to make sure that the beneficiaries of state largesse are not going to be the captains of industry or the huge corporations as they were under the previous Government and that I can actually recognise a need for social welfare when I see one."

● **On control of the private sector:**

"We wish to see, in a break from previous Labour stereotyping, the emergence of effective competition as an instrument against excessive pricing. This means that we have to have far more disclosure of commercial information, far more moves into the anti-trust field. We intend to promote competition legislation which will go a long way further than any legislation which now exists to ensure that the maximum of information exists for the investing and consuming public and that there is a genuine measure of non-cartel operation.

"You can make sure that people do not get tax breaks for quite pointless corporate indulgences like amalgamations, mergers and take-overs with no productive consequences. This is becoming something of a fad in New Zealand. The private sector cannot regard New Zealand as a haven for 'social welfare capitalism'."

● **On pay restraint:**

"We have settled a new pay formula with employers and employees. There will be a tripartite discussion—Government, employer and union—before the beginning of the annual wage round. It will be for that tripartite forum to determine the limit that the round will sustain. The limit will not be seen as a minimum or a maximum. *This is not unique*—Austria, Singapore, Fiji, Germany—but for New Zealand it's novel.

"It's different from Australia's where they have accepted the principle of indexation. We haven't, because we are going to build into our economic considerations the social wage which the Government delivers, the tax arrangements for the lower paid which make it unnecessary for them to ask for, say, the inflation rate, or the impact of better health services or education. These will be taken into account in reaching the tripartite agreement."

● **On the previous Government's "think big" investment projects:**

"The gamble did not pay off. It would have been perfectly possible for them to have pointed to their wisdom had things worked out differently. But the price of oil actually took a 15 per cent cut. We have an enormous investment in a synthetic petroleum plant. This will work and will become, in New Zealand terms, self-supporting with a prospect of profit because the Government fixes the price of petrol. We know that the Marsden Point oil refinery will not be as economical as importing motor spirit.

● **On protectionist policies:**

"Devaluation is the most important import protection there is. We are committed to *continue with movement away* from quantitative import licensing to a form of tariff. As a result of the recent devaluation efficient import substitution has become a realistic possibility.

● **On the chances of an approach to the IMF:**

"None whatever. When I stay at the Waldorf-Astoria you will know we are going to the IMF. While I am in budget accommodation, we are running our own ship. We are nowhere near going. In my country there is a buoyancy of mood, a tremendous sense of optimism.

Mr Lange: a country dripping with abundance

Co-operation between employer and union is remarkable now. We have all the formulae in place for keeping the momentum going.

"You can't think of a country more lousy with prosperity. It is dripping with abundance. We are about to enter an outward-looking phase which means we can trade our way through. It would be a dreadful mistake to give any impression abroad that we were about to lean on the advice of the international receiver."

Hawke wins vote against Peacock

By Michael Thompson-Noel

MR BOB HAWKE, the Australian Prime Minister, regained the initiative yesterday in the bitter political feuding over his Government's handling of organised crime.

In Canberra, the Government moved a censure motion against the beleaguered opposition leader Mr Andrew Peacock, who two weeks ago stunned Parliament by calling Mr Hawke a "little crook" and a "perverter of the law."

Mr Peacock has done nothing to substantiate his charges and faces a crushing defeat in the General Election expected to be called before Christmas.

The Opposition has attempted to claim that the Hawke Labor Government has been "soft" on organised crime.

Yesterday, however, Mr Hawke said that Mr Peacock had "made the vilest of charges that could be made against me."

Last Friday, Mr Kerry Packer, the Australian media tycoon, identified himself as one of several prominent figures expected to be named in a Royal Commission report on organised crime due to be published soon.

Mr Packer *denied all allegations* as "demonstrably false" and claimed that he was the victim of malicious rumour and innuendo.

Israel considers ban on luxury imports as reserves dwindle

BY DAVID LENNON IN TEL AVIV

THE ISRAEL Government is considering curbing imports, including a ban on consumer durables such as cars and videos for a period of three to six months in order to ease the *drain on the country's dwindling* foreign currency reserves.

The reserves fell again last month, the fourth fall in a row, and they now stand at just over $2bn, well below the $3bn considered as the minimum required to finance three months' imports of basic commodities.

The import ban is the latest in a series of piecemeal steps taken or proposed by the new Government in the past three weeks. Mr Shimon Peres, the Prime Minister, has described these as "fire-fighting" measures while a comprehensive plan to cure the country's severe economic woes is prepared.

These steps have included slashing subsidies on a wide range of basic commodities, imposing a 15 per cent levy on the purchase of foreign currency, ending free high school education and imposing taxes on children's allowances.

Mr Yetzhak Moda'i, the Finance Minister, has also won agreement from various ministries to cut $920m from the budget of approximately $20bn. He hopes to round up the cuts to $1bn.

The idea of banning imports was ridiculed by many economists and businessmen yesterday. Prof Haim Barkai of the Hebrew University, said that the import ban was "nonsense." While Mr Zvi Amit, director of the Union of Chambers of Commerce, said: "This is not a serious step and will not solve the country's problems."

The real problem, Prof Barkai said, is the purchasing power *of the Government and the* public. Banning some imports does not reduce this purchasing power. "This is simply a hysterical reaction to the developments in the economy," he said.

Mr David Levy, a deputy Premier and the Minister of Housing, condemned the latest economic steps as liable to push up inflation. He criticised the Finance Minister for backing down from the proposal to impose a surtax on incomes. "The Government humiliates itself," Mr Levy said.

China presses call for reunification with Taiwan

BY MARK BAKER IN PEKING

THE CONCLUSION of the Sino-British agreement on the future of Hong Kong has reopened the paper war between Mainland China and Taiwan over national reunification.

Peking is using the Hong Kong deal—and the euphoric celebrations of the 35th anniversary of the People's Republic—to amplify its calls *for reconciliation talks* across the Taiwan Strait.

The issue has been a dominant theme in the anniversary speeches of the Communist Chinese leaders and a special commentary in the party newspaper, People's Daily, which urges Taipei to "return to the embrace of the motherland."

But the Nationalist authoritie have shown no signs of succumbing to the festive spirit.

Their immediate response to the initialling of the Hong Kong agreement last Wednesday was to offer multiple entry visas and home purchase loans to Chinese who want to flee Hong Kong before it reverts to Peking in 1997.

Peking has renewed its promise to give even greater autonomy to Taiwan than Hong Kong will have after reunification, including the right to maintain independent armed *forces and retain its existing* autonomous political system.

In his speech to 3,000 guests at a National Day banquet at the weekend, the premier, Zhao Ziyang, said the Hong Kong agreement was "big step forward in our great cause of national reunification" which should be celebrated by all Chinese.

The Chinese leader, Deng Xiaoping, pushed the point at yesterday mass parade in Peking, describing Taiwan as "part of our sacred territory."

'Scant prospects' of early recovery in Zimbabwe

BY TONY HAWKINS IN HARARE

ZIMBABWE'S state-controlled Zimbank sees scant prospect of an early general industrial recovery in Zimbabwe warning that only textiles and foodstuffs are likely to show any real expansion during 1984.

In its latest Quarterly Economic Review, Zimbank says industrial output fell more than 8 per cent in the first half of 1984 after a marginal 2 per cent decline last year. It says that while the value of mining production was up 13.5 per cent in the first five months of this year, many major mines are still dependent on state assistance to cover electricity and transport costs.

In agriculture, the bank says prospects depend crucially on weather conditions, but much will depend too on how farmers respond to the increased maize producer price. This has been received unenthusiastically.

The bank blames "continuing large budget deficits for Zimbabwe's severe balance of payments problems. The budget deficit is also at the root of the country's import allocation, interest rate, liquidity, cost, inflation taxation and debt service difficulties."

It says that Zimbabwe's underlying budget deficit in 1984-85 is projected to be 23 per cent higher than last year's Z$ 630m (£470m). It warns that the balance of payments will be subject to intense pressures for the rest of this year, adding that the Government has begun negotiations with the IMF for a new standby facility to replace the SDR 300m (£240m) standby agreement which lapsed in February this year "when the budget deficit exceeded acceptable levels."

Tanzanian austerity drive not sufficient for IMF

BY PATTI WALDMEIR

AUSTERITY measures announced earlier this year by Tanzania in an attempt to narrow differences with the International Monetary Fund (IMF) on conditions for balance of payments support have been rejected as insufficient by IMF officials, according to Prof. Kighoma Malima, Tanzanian Planning and Economic Affairs Minister.

Speaking after talks with IMF officials in Washington last week, Prof. Malima told a seminar in London that Tanzania had hoped last June's budget—which included a 25 per cent devaluation of the shilling and a cut in the subsidy for maize meal, the staple food—would have persuaded the IMF to resume stalled talks on a loan of SDR 150m (£120m).

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"The Fund's reaction is that we've moved in the right direction, but not far enough," Prof Malima said. He was not optimistic that talks which have been going on for the past five years and which faltered earlier this year, could soon be resumed.

Tanzania recognised that structural adjustment of its economy was imperative, but believed that too precipitate action on the exchange rate and food subsidies could cause social upheaval, and would penalise those sectors of the population least able to bear added hardship, he said.

For this reason, the Government sought to offset the effects of recent subsidy cuts on maize and fertiliser prices and the devaluation by increasing the minimum wage and some producer prices. But this had violated the IMF's prescription for Tanzania.

Black Africa economies, Page 22

'Stem Singapore property slump'

By Chris Sherwell in Singapore

A POWERFUL appeal to the Singapore Government to help stem the *slide in property values has come* from the Singapore International Chamber of Commerce, representing the island state's business community.

The appeal represents the strongest public comment yet on the past year's drop in property prices.

Afghanistan rebels 'kill 100 troops'

AFGHAN rebels have killed about 100 government troops in systematic attacks in and around the *Afghanistan capital of Kabul, Western* diplomats told AP in Islamabad.

The attacks were being described as an extension of the wave of bombings and rocketings that began three weeks ago and the biggest rebel effort for at least a year.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Production at Plessey

An engineering revolution

BY PETER MARSH

"WE HAVE been through a revolution." That is how George Emerton, chief industrial engineer at Plessey Military Communications, sums up the changes in manufacturing technology over the past three years at his company's plant in Ilford, Essex.

The company earns about £100m a year (one-tenth of the annual turnover of the Plessey group) in sales of military communications hardware. The products range from small radios that soldiers carry on their backs to battlefield telephone networks, for instance the Ptarmigan system that Plessey produces for the British Army.

Since the company realised three years ago that it was out of step with modern developments in manufacturing technology, it has spent some £5m on new computerised machine tools plus a communications system to connect the hardware to terminals in the offices of managers and product designers.

Though the modernisation programme will not be fully completed for at least another year, Emerton already claims these benefits:

● Output of metal components from the machine shop has increased by 50 per cent in five years, while the number of machinists has stayed the same at 150. In an interesting sociological twist, Plessey reclassified these people's jobs. Now they tend computerised machines, they are categorised as part of the "staff" whereas beforehand they were hourly-paid workers.

● Turnover of the company has increased in this time by about 20 per cent in real terms. Over the five years, total employment has remained roughly constant at about 3,000, says Emerton.

● The company is processing components through the factory at twice the previous rate, cutting the proportion of its stock that is sitting either in a warehouse or in varying stages of completion on the factory floor.

● Lead times for the introduction of new products have been greatly reduced. It used to take 2½ years to bring a product from the ideas stage to manufacture. This time has been halved, Emerton reckons. Thanks to the flexibility of computerised manufacturing, the company can turn out prototypes of new products very quickly, using blueprints provided by computer-aided design.

Central to the change in techniques was a reorganisation of Plessey's 150-strong team of manufacturing engineers. The company supplemented these people with a cadre of seven graduate engineers, whose salaries for spells of two to three years were paid for mainly by the Government under what is called a teaching-company scheme.

Plessey was so satisfied with the work of these people that three now have permanent jobs within the engineering unit.

Barrier

As a result of the changes, the people in the engineering department spend less time working out detailed production schedules—much of this work is done by the computers. They consequently have more time to liaise with draughtsmen and planners. This ensures that parts for new products are designed so they can be manufactured easily.

"We have got rid of the barrier between design and manufacture," claims Emerton.

Some 35 per cent of the engineers have their own computer terminals. Some have been on courses in economics so they have a better idea of the financial implications of new engineering techniques.

As part of the project, the company recruited 20 new engineers with skills in modern production methods such as computer-aided design. Plessey got rid of a similar number of its existing engineering staff who could not be assimilated into the new method of working.

A key move was the establishment in 1981 of a teaching-company scheme, a joint project between Plessey and the engineering department of Cambridge University. In such projects, administered by the Science and Engineering Research Council, graduate engineers work in industry, normally for two years.

These schemes, of which some 250 have been set up, have three main aims. They are supposed to bring academic expertise to manufacturing companies; equip graduates with industrial skills to supplement their theoretical knowledge; and strengthen links between the company and the academic institute that acts as a base for the graduates.

In the Plessey scheme, seven graduate engineers, mainly in their mid-20s and with about two years' previous experience of working in industry, helped Emerton to plot the new strategy.

Emerton concedes that, for Plessey, the scheme was financially attractive. From the project, he gained a total of some 15 man-years of engineering effort for a mere £50,000. This outlay represented cash Plessey spent on items such as expenses for company visits plus a small topping-up of the seven men's salaries.

In return for the virtually free service of the engineers, Emerton says Plessey helped out Cambridge University in, for instance, giving undergraduates spells of training at the Ilford works.

Purchase of new equipment and the restructuring of his engineering team were only two facets of Emerton's "revolution." The company also had to dispose of a great deal of old-fashioned manufacturing equipment.

To replace the equipment, Plessey bought a new set of modular clamping mechanisms with which jigs for virtually any component can be built up, in the style of construction with Lego bricks. The new hardware weighs no more than about 1 tonne, according to Emerton.

In other rationalisation measures, the company rethought exactly what it needed for the tools such as drills and cutting devices that fit into spindles to gouge pieces out of metal.

Before the modernisation project started, the company's tool-room contained no fewer than 450,000 types of hardware used either to fashion or clamp metal parts. By the end of the programme, this number was reduced to 15,000.

An immediate result was that Plessey realised it no longer needed its tool room and demolished it.

This corporate spring-clean did not stop at the support hardware for machine tools. The company reduced from 320 to 180 the machines themselves, mostly manually controlled and used not just to cut metal but for operations such as pressing.

Plessey has still to finish the modernisation project. The changes that have occurred so far have affected mainly the machining stage of factory operations. In this, tools shape from blocks of metal the cases, brackets and other compoonents used in military radios.

In two other important parts of production, the company puts electronic components onto printed circuit boards and then assembles the boards into cases to make the finished radios. Some of the easier jobs in these assembly tasks can be done by automatic, computer-controlled machines.

For example, such hardware can insert standard components like resistors into plugs in the boards. The components are held in bandoliers and a special-purpose gripping device prods the part into its appropriate slot.

But other assembly tasks, such as the insertion of components of intricate or non-standard shapes, are too fiddly for this kind of machinery. As a result, people have to do the job.

To automate these parts of the manufacturing process, Plessey plans to instal robots that are more versatile and can do trickier jobs than the current generation of insertion hardware.

Criteria

In a further step, Emerton wants to automate the testing of finished radios, a vital task that is still mainly dependent on manual techniques.

Not the least of its problems was that Plessey has been forced to develop new financial criteria to rationalise to the company's accountants the steps it was taking. Conventionally, such accountants will approve new investment projects only if they pay for themselves in a set number of years.

But Emerton argues that his kind of programme in manufacturing industry is required simply to stay up with competitors. "We had to rethink our financial conventions. What we have done was needed on strategic grounds and to stay in business."

George Emerton (right) with two members of the project team, Paul Stewart (left) and Alan Williams, both of whom have been taken on permanently by Plessey

The members of the team

AT THE heart of Plessey's new manufacturing system are four big computers, two made by DEC and the others from Hewlett-Packard. These machines store data about the design of products; the programs that run the computerised cutting tools; the management of production by the different items of factory hardware; and the flow of materials through the plant.

Any group of engineers thinking about automation must ensure that information from such supervisory computers is correctly channelled to other items of hardware, including not only cutting and assembly machinery but terminals with which financial planners and sales people can keep track of developments on the shop-floor.

Plessey devised six key tasks for its corps of graduate engineers seconded to the company under a teaching-company scheme. Each person took over one job, with Mike Duncan, the seventh member of the team, overseeing the entire project.

● Dave Hancock, a manufacturing engineer who came to Plessey from a job at International Paints, worked out how to connect the computers to the 19 computerised tools in the company's machine room.

● Dr Paul Stewart worked out how to adapt the cutting tools in the machines themselves.

● Plessey gave to Alan Williams, who had worked previously at the Machine Tool Industry Research Association, the task of devising software routines to channel around the factory data about production of parts.

● The factory needed a similar system for a section of the manufacturing process in which parts such as printed circuit boards are assembled using automatic machinery. Iain Morgan, who was at Cambridge University and had worked at British Rail, devised the equipment for this.

● Mark Leedham, a graduate from Imperial College who had worked for BOC, devised a new set of modular jigs for holding parts in place while being machined.

● The final project was given to Evan Cairns, who came to Plessey from Racal-Decca. He has devised a set of guidelines for people working on new products that ensure components are designed so they can be assembled by robots. His work will reach fruition when the company instals its first batch of assembly robots, probably towards the end of next year.

Pastmasters bid for the hat-trick

Michael Dixon on the UK Management Game

IS ANYONE good enough to stop the hat-trick? Nobody would bet on the question at the Windsor headquarters of the UK National Management Game as entries roll in for the 1985 championship. To the administrators of the computer-based contest the name "Pastmasters" has much the same significance as "Liverpool FC" has for the Football League.

The Pastmasters team has not only won the last two UK championships but gone on this year to take the European management title. In Helsinki 10 days ago its members directed their "paper" consumer-durable company to a comfortable victory over the national champions of Finland, Ireland, Sweden, Denmark, the Netherlands and West Germany.

As the Pastmasters bid for their third successive UK title, two of the team have been in the same position before. They are John Chappell and Paul Webb, accountants with Rank Xerox, who previously won the national contest in 1976 and 1977 and went on to beat the best of Europe in that second year.

While they failed in their attempt at a hat-trick of nationals in 1978, the fact that the 1978 winners were a team from Shell Oil UK may itself strengthen Chappell and Webb's prospects of achieving their third victory running next summer. For a leading member of the 1978 Shell team was Geoff Brown, another accountant, who joined the Rank Xerox pair to make up the winning Pastmasters combination in 1983 and 1984.

"They're going to take a lot of stopping this time, that's for sure," says Tony Etchells, the game's chief administrator. "But there's some strong competition lined up against them already, including Rediffusion which won in 1982, and there'll be more coming in before we close the lists in the middle of October. Who knows? Somebody entirely new may come in and wipe the floor with them. It's been done before."

Nearly 12,000 teams, comprising about 70,000 individual players, have taken part in the UK national championship since it was launched as the world's first mass-entry management competition in 1970. The sponsors are: the Financial Times, the computer group, ICL, and the Institute of Chartered Accountants in England and Wales, in association with the CBI and the Institute of Directors.

Before the 1985 contest starts in November, the entrants will be divided up into playing groups each of four or five teams. Each team will be given a set of accounts and a market report describing an identically situated company. Each team then decides how to invest its resources—which can be increased by borrowing — and what prices to set for its products in the various markets available.

The decisions of all the teams in the same playing group are fed into the computer which has been programmed with a complex economic model. The computer works out what has happened to each team's business and sends it another set of accounts to show the result. That forms the basis for the next decisions.

After a "round" of five repetitions of the cycle, the team in the group with the biggest profit goes forward to the next stage.

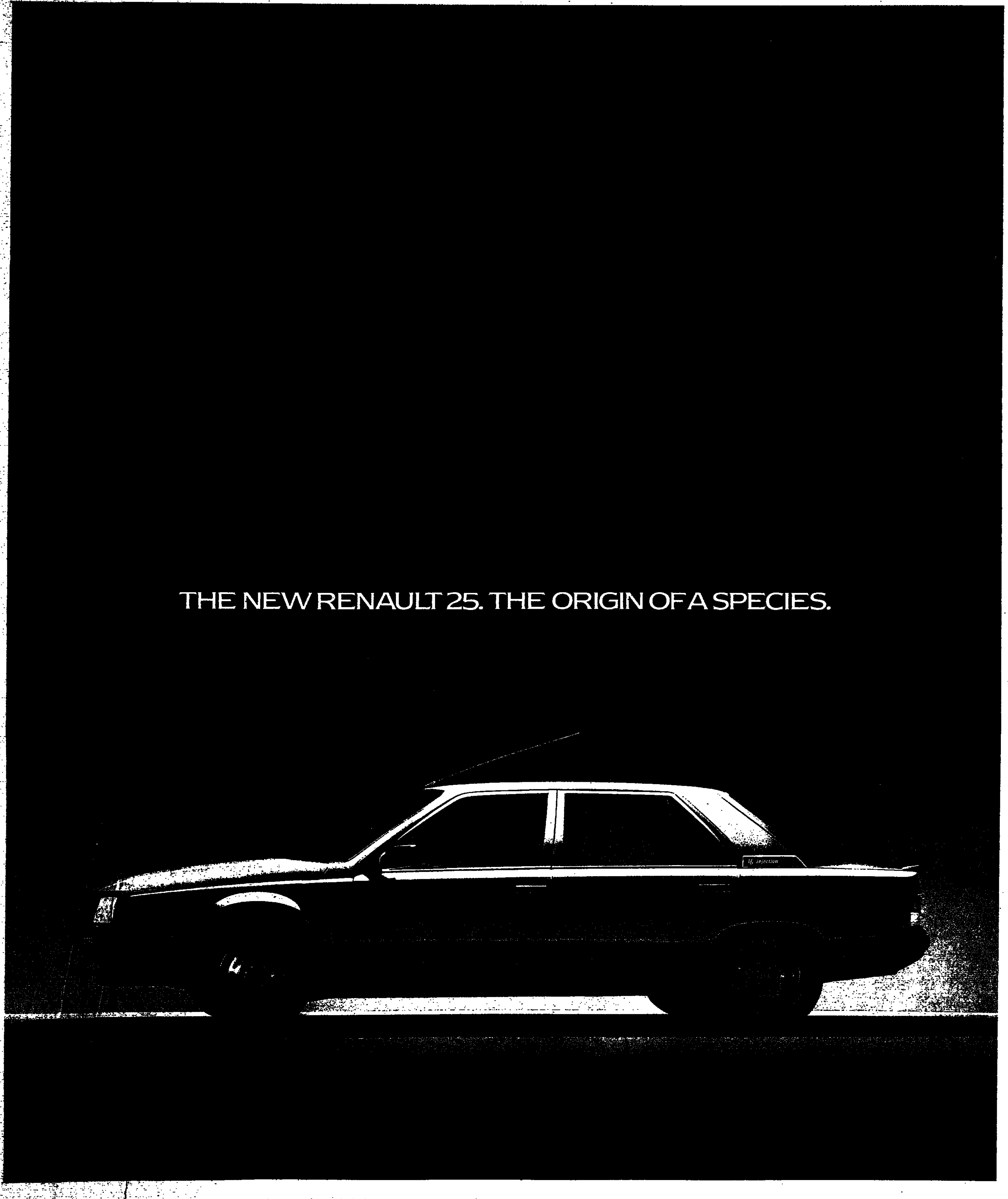
The champions will receive £2,000 plus a year's tenure of the silver rose bowl. The second team wins £1,000, the third £750, and the fourth £500. Teams knocked out in the first round of the championship proper can go on to compete in the Plate contest offering prizes of £750, £500 and £250. The entry fee is £97.75 per team, inclusive of VAT.

Inquiries should be sent to Mr Etchells at ICL, Beaumont, Old Windsor, Berks SL4 2JP; telephone Windsor 68181.

WINNERS OF THE UK MANAGEMENT CHAMPIONSHIP

1970	ICFC
1971	Rolls-Royce (1971)
1972	Essex County Council
1973	Norwich Union
1974	John Clarke, private entry
1975	Littlewoods Organisation
1976	Rank Xerox
1977	Rank Xerox*
1978	Shell Oil UK
1979	Neil Tomkin, private entry
1980	Shell Oil UK*
1981	South-East Essex Sixth Form College
1982	Rediffusion Radio Systems
1983	Pastmasters, private entry*
1984	Pastmasters, private entry

* Also won European championship.



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TECHNOLOGY

EDITED BY ALAN CANE

SPECIALIST MAKERS OF UNMANNED MACHINES LOOK FOR OTHER MARKETS

Bomb squad robots head for industry

BY PETER MARSH

A TINY and specialised group of companies that makes unmanned vehicles to defuse terrorists' bombs is attempting to find new applications for the machines in areas such as inspection of nuclear plant and security duties.

Common to all the machines is that they carry TV cameras and manipulators, travel on tracks or wheels and are controlled by an operator via a cable or radio waves.

Engineers at the Joint European Torus, the pan-European nuclear-fusion project in Oxfordshire, have asked the companies to design hardware that would roam around the reactor. The vehicles would inspect equipment and transport radioactive material.

Kentree, an Irish company that makes a bomb-disposal vehicle called Hobo, is talking to prison authorities in the U.S. about supplying the machines as mobile sentries.

Monitor Engineers of Wallsend, whose bomb-disposal machine is christened Hadrian, has interested the Home Office in a novel application in which the hardware could act as a mechanical mediator with gunmen who are holding people hostage.

According to Monitor, Hadrian could wheel up to these people (possibly after shooting the locks off doors) and via a loudspeaker relay to them messages from police who are out of harm's way.

Mr Teddy Sas, chairman of the Sas Group in Beaconsfield, says that one of his Hunter bomb-disposal mechanisms has already been used to negotiate with a gunman in an unnamed overseas country.

In a further development Morfax, the British leader in remote-controlled vehicles that deal with explosives, has adapted its standard machine to produce Marauder. The contraption, has several TV cameras and moves on three sets of tracks.

Marauder could see action inside trouble-ridden nuclear power plants. The authorities in charge of the clean-up operation at Three Mile Island, the disabled U.S. nuclear power station, have asked Morfax to come up with equipment that could help.

These developments have followed more than a decade of experience by police and armed forces all over the world in using remote-controlled vehicles to disarm explosive devices.

Much of the technology for the hardware derives from work in Britain and the Irish Republic in defusing IRA bombs. Army and police forces have needed mechanisms to cope remotely with the devices, so reducing the risk to bomb-disposal officers.

The machines relay to officers TV or X-ray pictures of a bomb, usually along a 100-metre cable. They can also deal with the device in a set way, for example, by shooting out the detonator with a rifle or a high-pressure jet of water.

Bomb-disposal machines also carry manipulators with which an operator can lift objects, for instance to remove a covering such as a dust-bin lid that might be shielding the explosive device. The vehicles sell for £13,000 to £30,000. Extra equipment such as manipulators and special tools could increase this to £100,000.

The machines are powered by electricity, either from 12-volt batteries on board or by current sent down the cable from a mains supply or a generator.

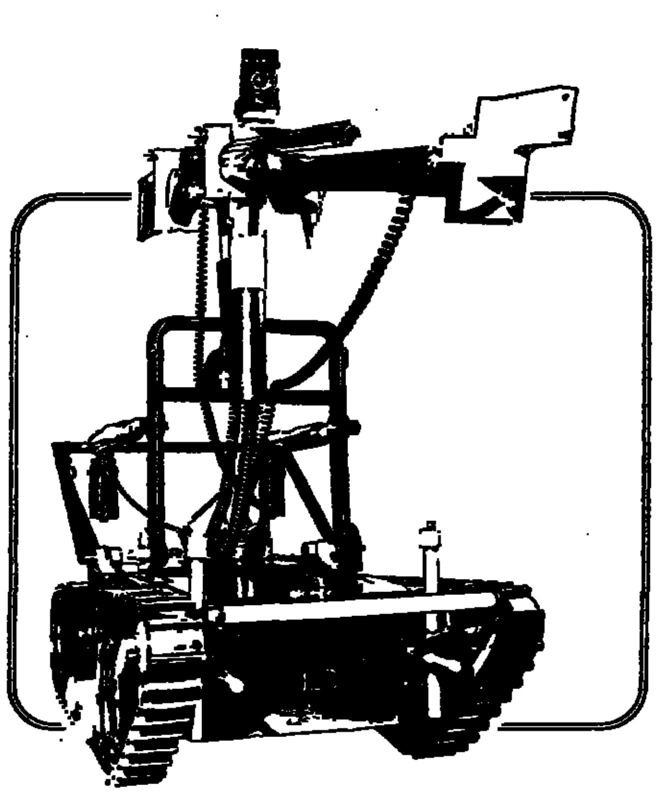
The exact appendages added to the vehicles vary according to the kind of bomb with which the operator is faced. Lieutenant Colonel John Gaff, who in 1975 left the British Army's bomb squad to establish S and D Security Equipment, based in London, emphasises that the vehicles and their manipulators are simply tools.

The key factor in dealing with bombs concerns the techniques used by bomb-disposal officers. These are seldom talked about for fear that the information could aid terrorists.

Dominant in bomb-disposal machines is Morfax, an engineering company in South London, which since 1975 has sold a vehicle called Wheelbarrow.

Wheelbarrow was invented as a joint effort between the Royal Army Ordnance Corps (RAOC) and the Military Vehicles Experimental Establishment, a Ministry of Defence research base in Chobham, Surrey. The first machine went into action in Belfast in 1972. Since then it has saved the lives of scores of bomb-disposal experts.

As an established MoD contractor, Morfax gained a licence to make Wheelbarrow. It has sold about 500 machines, including some 100 to the British organisations that deal with terrorists' bombs. These are the RAOC (which covers the UK apart from London) and the Metropolitan Police's bomb squad, which has responsibility for the capital.



Bomb-disposal officers in Britain have bought about 100 Wheelbarrows with which they can disable terrorists' devices from a safe distance of 100 metres

Morfax earns about £2m a year through sales of Wheelbarrow. A basic Wheelbarrow (plus 11 items of standard equipment such as manipulators) costs £23,000.

The company has sold the hardware to about 40 countries. The biggest customers are in Western Europe and the Middle East. Roughly 40 of the machines have been destroyed while dealing with bombs.

The success of Morfax has attracted into the same business several other companies All have built up sales mainly through export orders. The RAOC and Metropolitan Police have bought a few non-Wheelbarrow machines for evaluation but have made it clear they favour the Morfax hardware.

The other companies have tried to make their machines smaller and lighter. For example, the Ro-Veh sold by Analytical Instruments of Cambridge weighs 87 kg.

The Scout produced by Vale Security, a Wantage company, weighs 45 kg.

The competitors to Morfax have chalked up some useful export orders. Analytical Instruments has sold Scouts to the Thai Air Force and to the police department in Oklahoma. At least two British bomb-disposal machines (Hunter and Hadrian) were on stand-by during the Olympic Games in Los Angeles.

Kentree has sold machines to the CEA, the French atomic energy authority, for use inside conventional nuclear-fission reactors. The companies have had little success in efforts to interest in their products the UK Atomic Energy Authority.

ELECTRONIC FUNDS TRANSFER

Who pays for the next stage in cashless shopping?

BY GEOFFREY CHARLISH

WHEN ELECTRONIC funds transfer at the point of sale (EFTPOS)—the next stage in the cashless shopping revolution—finally becomes a reality in the UK, some, and perhaps all of the cost will be borne directly by the shopper.

Indeed, some countries are already planning direct charging for POS funds transfer.

In an EFTPOS store transaction, the shopper's card is pushed into a reader on the shop counter, the holder keys in a personal identification number, and his or her bank account is directly debited within seconds.

The general assumption has been that either the banks, or the retail community (or some combination of the two), would meet the cost of the shop terminals, transmission time, computing and other technologies involved.

But that is not the trend in several other European countries and according to Mr Richard Weir, secretary general of the Building Societies Association, the British will somehow have to be weaned off the habit of taking "free" banking (with an adequate account abiance) for granted.

Mr Weir was as near as the recent EFTPOS '84 conference could come to producing a banking executive to bring the audience up to date with progress.

Neither the Committee of London Clearing Bankers nor The Retail Consortium felt able to put up a speaker, both pleading that for the moment, there was nothing constructive they could say. This caused bewilderment among delegates. As one said: "They might well have learned a thing or two."

Developments elsewhere are interesting. For example, in Norway, the banks have agreed standards for ATMs (automatic teller machines, basically cash dispensers) and POS technology. Armed with a single card, one can use terminals throughout the land — ATM, petrol station, supermarket. However, the bank's data processing centres will not be on line to each other till next year.

But Erik Bagle of A/S Norske Esso, points out that the service is not free for users of his company's petrol terminals. They are charged 10p per transaction.

The Danish banks have also agreed on a common multi-function "Dancard" which is a bank card valid in all branches of the banks and savings banks, an ATM card, and a debit card for use in a planned nationwide EFTPOS system.

According to Mr Ole Lachmann of PKK (the Danish banking and credit card company), agreement has also been reached on meeting the costs of the system.

The cost of the terminals and their installation will be met by the retailers while the transmission charges and the cost of administration, central computing and marketing will be borne by the PKK. The banks will cover the cost of clearing.

> It is strongly rumoured that most banks will want to retain control of the actual funds transfer link

But the cardholder does not escape, and will be required to pay DKr 0.5 per transaction (about 5p).

What is more, Lachmann says that new legislation is expected soon which will relieve shopkeepers of costs — the actual users of such systems will be required to pay more.

On the other hand, in Holland earlier this year, a proposal to charge cheque card holders about £3 annually was dropped after parliamentary pressure.

The Dancard terminal was developed by GNT-Automatic in Denmark and is sold and serviced by the Danish telephone companies. Separate customer and retailer terminals are provided.

Heiko Beck, general manager of ACI GmbH (the German subsidiary of Applied Communications), said that in Germany, users of cheque and cash dispenser cards are charged on each transaction.

He believes that although the German credit organisations are prepared to pay for much of the expenditure for an EFTPOS trial, "it can reasonably be expected that the card fees will increase with an expansion of the range of services."

But he pointed out that if payments by cheque are replaced by EFTPOS, the banks' costs will fall and the savings "will presumably be passed on to customers, at least in part." Apparently the banks expect the retailers to pay for terminals and line rental. But the question of who pays for data communications, electronic authorisation and clearing is still unresolved.

There is a general problem over terminals. It is strongly rumoured that most banks will want to retain control of the actual funds transfer link via their own counter-top unit. It could mean at least two devices per shop (a "till" and an EFT unit), with a link, or failing that, double entry. The idea might suit manufacturers, but not shopkeepers.

Meanwhile, the UK financial community members are still arguing among themselves.

Mr Peter Hirsch of Battelle, said that the CLCB decided on a further review in June following the alarm generally expressed at the apparent dominance of IBM and BT. He said there was a difference of opinion between the banks—National Westminster and Lloyds wanted to go ahead, being worried about loss of momentum, while Barclays had doubts about technology, the readiness of the public and the legal and regulatory aspects.

Richard Weir summed it up, claiming that "retailers and their customers will object in the long run to a multiplicity of systems" with different cards and terminals. He thought the all-embracing debit-credit card must come. He also thought the building societies—which have for some time wanted to be accepted as bankers—must participate.

But he warned that the customer will have to pay up.

Computers

Aircraft reservations

CATHAY Pacific Airways has just installed two computer systems to increase its cargo and passenger handling. The cargo system known as Cable handles every aspect of cargo operations including freight reservations, space control shipment details, bill printing, and goods acceptance.

The passenger computer is used for advanced seat reservations mainly for first class and business class passengers but also for some economy class passengers with special needs. The reservation system allows passengers to pick seats up to six months in advance. Both systems have been supplied by Sperry, the U.S. computer manufacturer.

Sorting

Coin counting

ANY COIN in the world can be processed by a new desk-top device developed by Chapman Cash Processing of Telford, Shropshire.

Its "Titan 2400" will simultaneously sort, validate, count, bag, batch and totalise up to eight denominations of coins or tokens at a rate of 650 coins a minute.

The new coin processor has been designed to help banks and retail groups with cash handling. The company's earlier 2300 model was developed for British Telecom.

The new machine features include built-in detection devices for safety and error free machine operation, a real time clock that automatically records date, time and duration of the counting operation and software to allow the transmission of data to remote locations.

The units cost £4,800. More on 0952 610511.

هكذا صدر الأصل

NCB agrees to study plan for coal peace

BY OUR LABOUR STAFF

HOPES of a breakthrough in the coal strike rose last night when it was announced that the National Coal Board (NCB) is to consider a new initiative for a settlement at a board meeting on Friday.

The proposal – to bring in an independent arbitrator to review colliery closure plans – came from leaders of Nacods, the pit supervisors' union who met NCB officials yesterday at Doncaster, South Yorkshire.

While the NCB remains unenthusiastic about a move that it sees as removing its right to manage, Mr James Cowan, deputy chairman, concedes that yesterday's talks were constructive.

Nacods, which is threatening a strike of its own on the combined issues of an NCB threat to cut the pay of its members who refuse to cross miners' picket lines and the closure of uneconomic pits, said the National Union of Mineworkers (NUM) was not involved in the peace attempt.

Mr Peter McNestry, general secretary of Nacods, said however: "We are now seeking the opinions of other parties involved and we are also seeking the assistance of Acas (the Government-backed conciliation service)."

He declined to say whether the NUM was included in the "other parties."

The Nacods plan is for an independent arbitrator to be called in where the NUM and the coal board disagree over any closure plans for a coal mine on economic grounds. It goes to the heart of the 30-week-long NUM strike.

Mr Ian MacGregor, chairman of the NCB, did not attend the Doncaster meeting. Mr Cowan, his deputy, said a number of ideas which had been put forward would be discussed at the Friday meeting.

In spite of the NCB's scepticism, it is apparently hoped that if all sides could get together at Acas, some basis for a settlement could emerge.

Dispute costs FT 1.5m lost copies

BY OUR LABOUR STAFF

THE FINANCIAL TIMES has now lost 1,525,451 copies of its UK edition since the beginning of last month because of unofficial industrial action by members of the National Graphical Association (NGA) in the machine room.

Losses hit a peak at the end of last week with 157,000 copies lost last Friday and 172,000 on Saturday. About 44,000 copies were lost yesterday and the average figure remains about 55,000. The total circulation of the FT is 210,400.

More than one quarter of the total print run represents the international edition published in Frankfurt, which has not been affected by the dispute. Overseas supplies of the Saturday edition, printed in London, have been affected.

The paper has lost about £900,000 in revenue largely through rebates to advertisers. In certain cases, advertisers have been offered the choice of rebates or re-runs. But the management at present appears determined not to push the disruption into an all-out stoppage. Equally, it will not negotiate on the NGA chapel's various grievances under duress – and now has the backing of the Newspaper Publishers Association for this stance.

If the action continues for another few weeks – as seems likely – the size of the paper may also be hit as the management only has agreement to run 157 papers of more than 40 pages this year, and it is already close to that figure.

Another round of talks is still being sought with the NGA and representatives of Sogat '82 to try and secure a joint Press Room Agreement which should prevent disputes such as the present one.

Labour Party at Blackpool

Delegates warned over policy for unilateral disarmament

Conference reports by Our Parliamentary Staff

THREE senior members of the Labour Party last night voiced their grave reservations on its unilateral defence policy as set out in a new policy document, due to be discussed today at the party's conference.

Mr James Callaghan, the Labour Prime Minister from 1976 to 1979, Mr Denis Healey, the former deputy party leader, and Mr Peter Shore, a front-bench spokesman, all warned the party that the international repercussions of unilateral nuclear disarmament might not be quite what it expected.

Speaking at conference fringe meetings, they urged the party to consult its allies in Nato and to discuss the international implications more fully before becoming irrevocably committed to total nuclear disarmament.

Mr Callaghan commended the policy document as a "serious attempt to discuss some of the issues not being debated in relation to Britain's future defence role." But he said it was "too insular in character" and did not come to grips with the consequences of the removal of U.S. nuclear bases from British soil.

A unilateral gesture of closing down these bases and disarming all Britain's own nuclear weaponry would rupture relations with our allies, and rupture the present balance that existed.

"The balance that has existed in Europe for 40 years should not be ruptured by one the most significant members of the Western alliance taking unilateral action without regard to the consequences," he said.

Mr Shore warned the party that its defence policy had been clearly understood at the general election last year and had been clearly rejected. There was no issue on which the Conservative lead over Labour in the opinion polls was greater than on defence.

He challenged the Labour leadership to spell out what it would do, faced with the necessity of deterring a possible aggressor, if Britain had totally renounced the possession and the use of nuclear weapons.

Mr Shore supported the party's policy of cancelling the Trident missile programme and said Britain could not accept the deployment of U.S.-controlled cruise missiles on its own soil. But he said the best contribution Britain could make would be through a mixture of unilateral initiatives and multilateral action.

Mr Healey, a former Defence Secretary, said unilateral actions by Britain could achieve Labour's aims, "providing they do not lead to reactions by other governments, inside or outside the alliance, which make the situation more dangerous."

He, too, supported Labour's commitment against cruise and Trident but added: "It would be foolhardy to take other unilateral actions without first making sure that they did not provoke reactions by other members of Nato which make it more difficult to move the alliance towards the non-nuclear strategy we seek."

Plans promised for raising tax on business fringe benefits

PROPOSALS for sharply increasing the tax paid by business executives for the fringe benefits provided by their companies will be put before next year's Labour conference Mr Michael Meacher, the party's health and social security spokesman said.

The proposals would be based on the same principle employed by the Government to reduce social security payments to striking miners; the beneficiary would be "deemed" to have received a specific sum in each financial year arising from "free" expense account lunches, trips abroad and the use of prestige motor cars.

Mr Meacher claimed that the additional tax yield to the Treasury would help to pay for a radical restructuring of social security provision designed to achieve a redistribution of wealth in favour of the most needy sections of society.

Against Mr Meacher's advice, the conference approved a composite resolution calling for the introduction of a new non-contributory benefit, designed to provide a minimum income for everyone in and out of work. It was carried on a card vote by 3,632,000 to 2,966,000.

Mr Meacher had urged delegates to remit the resolution for further consideration by the party's national executive committee so that it could be examined in the context of the most thorough review of social security and taxation undertaken by Labour for 50 years.

● MERRELL DOW, the U.S. company which marketed the morning sickness drug Debendox, was fiercely attacked by Mr Jack Ashley MP for Stoke on Trent South for refusing to pay compensation to 470 British children afflicted with "appalling deformities."

He alleged that the deformities had resulted from the children's mothers taking Debendox while they were pregnant. Mr Ashley said the company had paid £92m in compensation in respect of children born with deformities within the U.S., but had refused a single penny to the British children.

He said the company had deliberately exploited Britain's prejudiced compensation laws – which were heavily biased against claimants in favour of the drug companies – in order to avoid its moral responsibilities to the children.

A resolution calling for pharmaceutical companies to be publicly owned was carried by 4,555,000 to 2,138,000. Delegates also approved demands for the abolition of prescription charges and the re-nationalisation of all privatised services in the National Health Service

● MR NEIL KINNOCK and his group of centre-left supporters will continue to hold the balance of power on Labours' national executive committee after elections yesterday.

The overall balance remains exactly the same, with 12 left wingers, 11 right wingers and six in the centre.

U.S. role in Latin America condemned

THE LABOUR PARTY conference yesterday offered the left-wing Sandinista Government in Nicaragua full support against "blatant U.S. military aggression."

A statement on Latin America condemned U.S. attempts to play a "self-appointed role" as "world policeman."

Mr Carlos Núñez, president of the Nicaraguan Council of State, won a standing ovation for a ringing attack on U.S. attempts to destabilise the Sandinista regime. Speaking with a translator, Mr Núñez said the U.S. was trying "to destroy the Nicaraguan revolution and to suffocate the independence struggles being waged for other people in the region."

Delegates urged Labour MPs to campaign for the release of Dr Ray Hooker, a minister in the Nicaraguan Government, who was kidnapped by opponents of the regime and is reputedly being held at a camp in Costa Rica.

The conference also called for an end to British aid for the U.S.-backed regime of President Napoleón Duarte in El Salvador and urged a future Labour government to stop trade with Latin American dictatorships.

Mr Stan Newens, a delegate, said the U.S. had long sought to keep Latin America in "thraldom and servitude." The Reagan Administration was supporting terrorist attacks against Nicaragua and had threatened military action if the Sandinistas built an airport to assist in their own defence.

Mr Alex Kitson, deputy general secretary of the Transport and General Workers' Union, said 50,000 people had been slaughtered in El Salvador since 1979, mostly by right-wing death squads.

In response, the U.S. had bent over backwards to legitimise the forces of violence, he said. After stage-managing two elections, the U.S. was now pouring in millions of dollars to prop up the Duarte Government, with the support of Mrs Margaret Thatcher and the British Government.

Mr Kitson said President Ronald Reagan claimed that the Sandinistas in Nicaragua had subjected their own people to a Communist reign of terror, but the U.S. had never produced proof.

Child benefits may be drawn into the income tax net

BY ROBIN PAULEY

TREASURY MINISTERS have decided in principle that child benefit should be brought within the tax net in the budget next spring.

They are still considering. however whether the benefit should be taxed at the standard rate, which would affect all taxpayers, or only at higher rates, which would exempt the standard-rate taxpayer.

Although Treasury ministers are in favour, any final decision on so delicate a political issue would also need the support of Mrs Margaret Thatcher, Prime Minister and most of her Cabinet.

The benefit is at present paid to all families, regardless of income, and costs £4.5bn a year for 12.7m children. While abolition and means testing have been ruled out, taxing the benefit for all standard-rate taxpaying families would release about £1bn for redistribution. Exempting standard-rate taxpayers release only £100m.

Taxing standard-rate taxpayers on the benefit would mean an effective cut of £1.95p in its current real value of £6.50p a week a child.

Full taxation would provide a substantial amount for Mr Nigel Lawson, Chancellor of the Exchequer, who is trying to constrain public expenditure to £132bn for 1985-86 and open up enough expenditure savings to enable him to make radical changes to the personal taxation and benefit system.

Other changes being considered by the Treasury in that context are the rules that reduce social security benefits by £1 for every £1 earned above £4 a week – effectively a 100 per cent tax rate. Some graded system of gentle reductions would provide a greater incentive for people to take up low-paid or part-time employment.

Mr Norman Fowler, Social Services Secretary, is resisting some of the Treasury's ideas to tax or reduce some benefits, and is expected to have to argue his case before a Star Chamber of ministers during the negotiations on next year's public-spending totals.

Fair trade protest at aid for Dutch ports

BY DAVID GOODHART

THE BRITISH Government is complaining to the European Commission about a large injection of local authority and state aid for the reorganisation of the two Dutch ports of Rotterdam and Amsterdam.

The Commission itself is concerned that the subsidy – amounting to several million pounds– may be contrary to EEC fair trade rules. It has asked member states for comments.

The UK Government, prompted hard by the British Ports Association (BPA), said that the latest aid could create precedents for new types of subsidies causing "serious distortions" to competition.

The position of the EEC is at present unclear on port subsidies. The last working party to report on the subject in 1980 concluded there was insufficient evidence to show serious distortions in trade. But since then, according to the BPA, there has been an escalation in subsidies.

The Commission's circular to member states, describing the Dutch plan, says: "Taking into account the difficulties encountered in all Community ports where handling facilities are concerned, the Commission is not certain whether this aid is compatible with the principles of the Common Market."

It warns the Dutch Port Authority that if the aid is granted before a final decision is taken it may have to reclaim the money at a later date.

The Dutch development involves grants of over Fl 200m (£47m) to reorganise the 31 cargo handling areas into 17 sites and move many of them further downstream.

The BPA, while not supporting the principle of subsidies, believes that the British Government should provide financial support in specific areas

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Trst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶12 %	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1-month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¼%.
§ 21-day deposits over £1,000 8¼%.
‖ Demand deposits 7¼%.
¶ Mortgage base rate.

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Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	137	—	6.3	4.6	8.0	10.5
158	117	Ass. Brit. Ind. CULS	142	—	10.0	7.0	—	—
78	54	Airsprung Group	54	—	6.4	11.9	5.9	7.2
38	21	Armitage & Rhodes	39	—	2.9	7.4	4.3	8.1
132	57	Bardon Hill	122	—	3.4	2.8	12.3	20.5
58	42	Bray Technologies	43	—	3.5	8.2	5.0	7.2
201	173	CCL Ordinary	173	—	12.0	6.9	—	—
152	117	CCL 11pc Conv. Pref.	117	—	15.7	13.4	—	—
650	100	Carborundum Abrasives	650	+25	5.7	0.9	—	—
249	92	Cindico Group	92	—	—	—	—	—
71	45	Deborah Services	70xd	—	6.5	9.3	6.7	10.8
237	75	Frank Horsell	237	—	—	—	9.5	12.5
205	75½	Frank Horsell Pr.Ord.87	206	—	9.6	4.7	8.3	10.8
69	25	Frederick Parker	25	—	—	—	—	—
39	32	George Blair	35	—	—	—	—	—
80	46	Ind. Precision Castings	46	−1	7.3	15.9	12.8	15.9
218	200	Isis Group	200	—	15.0	7.5	7.9	14.4
124	81	Jackson Group	109	—	4.9	4.5	5.0	9.8
242	213	James Burrough	242	—	13.7	5.7	8.6	8.6
92	83	James Burrough 9pc Pf.	90	—	12.9	14.3	—	—
147	100	Linguaphone Ord.	146	—	—	—	—	—
100	98	Linguaphone 10.5pc Pf.	98	—	15.0	15.6	—	—
454	275	Minihouse Holding NV	454	—	3.8	0.8	32.7	35.7
176	42	Robert Jenkins	42	—	20.0	47.6	4.3	3.3
74	42	Scruttons "A"	42	−1	5.7	13.6	22.1	5.1
120	61	Torday & Carlisle	89xd	—	—	—	9.6	20.2
444	385	Trevian Holdings	433	—	Suspended			
26	17	Unilock Holdings	20½	—	1.3	6.3	10.0	14.3
92	65	Walter Alexander	82	—	7.5	9.1	6.2	9.9
276	230	W. S. Yeates	230	—	17.4	7.6	5.5	11.0

ENERGY REVIEW

Rundle estimate boosts Australia's oil hopes

By Roger Hogan in Sydney

THE RECENT disclosure that Esso has reduced by two-thirds its estimate of what it would cost to develop the massive Rundle oil shale deposits in Queensland, Australia, was the best piece of news on the country's oil scene for some time.

Three years after shelving the project as uncommercial, the oil company has completed an engineering study which suggests that a full-scale 90,000 barrels a day plant could be built for U.S.$ 2.65bn (£2.04bn). In 1981 the cost was put at about U.S.$ 9bn.

According to Esso, the revision has been made in the light of new geo-technical data and the "mitigation" of certain problems involved in exploiting the 2.5bn barrels of oil calculated to be there.

The fact that only a fraction of the reserves are recoverable —Esso will not say how much —was one of the reasons for not going ahead with the project when the oil price showed signs of stabilising after the 1979 Iranian revolution.

The new study does, however, appear to be consistent with claims by Southern Pacific Petroleum and Central Pacific Minerals, the so-called "Rundle Twins" and Esso's partners in the project, that the operator was being unduly pessimistic in its previous assessment.

In 1980 the twins estimated the cost of constructing a pilot plant to be US$700m, a figure trebled by Esso's own projections a year later. Now the oil major says such a development, producing about 16,800 b/d, would cost about US$645m.

It was the twins' chairman, Sir Ian McFarlane, who released the results of the study and claimed that at present oil prices Rundle could be economic.

The adrenalin was still surging through the Australian stock exchanges when Esso replied coldly that, as far as it was concerned, the oil price would have to go up before shale oil became commercial. The company would not say by how much, but a spokesman added consolingly: "Every year brings us closer to development."

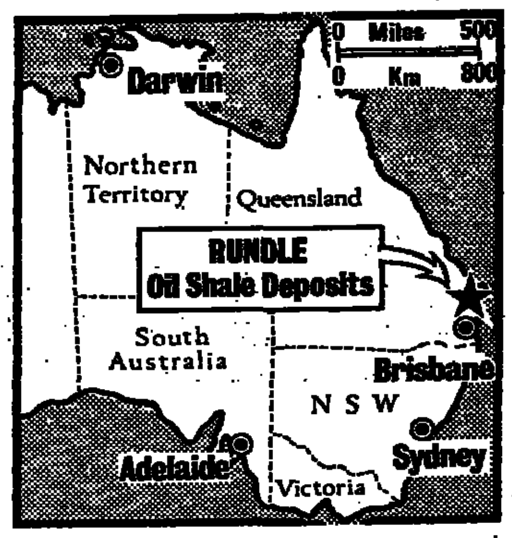
The closer the better, for Australia is becoming increasingly conscious of the fact that its oil reserves are being used up faster than they are being replaced and that some action is needed to prevent the situation from becoming critical in the early 1990s.

Recent events have highlighted the problem. The failure of the Jabiru discovery in the Timor Sea to live up to its promise has discouraged the belief that a giant offshore find comparable to the Bass Strait fields was just around the corner.

New oil taxation has met with a mixed response, although the general feeling is that it acts as a disincentive to exploration in high-risk areas — another reason for forsaking offshore projects in favour of cheaper projects onshore.

In the downstream refining and marketing sectors, the industry is being restructured and rationalised in order to reduce the number of companies and increase the size of relative market shares. Prime Minister Bob Hawke's Labor Government has put forward proposals to cut the amount of domestic production that the country's refiners are obliged to process.

Other forms of energy are being constrained in various ways from *reaching their full* potential. Gas is a prime example. The recent commissioning of the domestic phase of the A$11.15bn (£7.25bn) North-West Shelf project was criticised as "premature" by the Federal Government, which feels that the market in Western Australia is too small to absorb at reasonable prices the contracted daily supplies of 10.9m cubic metres during the next 20 years. Economies of *scale is a problem affecting* most aspects of energy. One



Senator Peter Walsh, Australia's Energy Minister

solution for the gas would appear to be a transcontinental transmission system — a responsibility the industry has *said rests firmly with government.*

Another solution is to export, and under the second stage of the project Japan will receive 6m tonnes a year of liquefied natural gas (LNG).

Coal is one of Australia's major exports and received huge investment after the 1973 and 1979 oil shocks. The post-1980 recession, however, upset demand predictions with the result that many mines are *working well below capacity.* The industry has fought back to the extent that exports rose sharply from 56m tonnes in 1982-83 to 64m tonnes in 1983-84 and the country has over*taken the U.S. as the biggest* coal shipper.

However, its share of the Japanese market—traditionally its biggest customer—has slipped, but the overall outlook is good with an expected rise in demand from the fast-developing countries of the Pacific basin.

Alternative forms of energy such as solar power have caught on as a way of heating *household water*, but the technology that would allow its use on a wider scale has not yet been proved.

This is the background which adds bite to the need to keep *the country's oil self-sufficiency* at around 70 per cent into the 1990s, when the Bass Strait fields will have entered their decline phase.

According to Broken Hill Proprietary, the country's biggest oil and gas explorer, domestic production will peak at 500,000 b/d in 1986 and slip sharply to 400,000 b/d two years later unless new discoveries are brought on stream. *The effect would be to reduce self-sufficiency to 30 per cent* by 1995.

The signs are that exploration is not doing enough to keep pace with projected demand. The problem is the country's relatively low prospecting rate. Earlier this year the Bureau of Mineral Resources estimated that there was an 80 per cent chance of finding another 1.9bn barrels of oil and a 20 per cent chance of finding another 3.9bn barrels. The latter figure is roughly equal to the amount discovered so far. Yet even this optimistic projection accounts for only a very small proportion of the 550bn barrels estimated to lie waiting to be discovered around the world.

Mr Alex Gorrie, managing director of BP Australia, calculates that if oil demand were to grow at about 1 per cent a year the country would have to find a 200m barrel oilfield every 10 months to maintain self-sufficiency. As he wryly points out, "Australia is not blessed with too many 200m barrel oilfields," and there should be more encouragement to explore.

The stumbling block here is the secondary tax the Hawke government has introduced on new fields in anticipation of the fall-off in revenue from the Bass Strait. Many oilmen fear that this resource rent tax could be used by the Government as a way of topping up the kitty whenever it runs short, with consequent damaging effects on exploration levels.

It has already resulted in *many companies* expressing a preference for exploring onshore in such established areas as the Cooper/Eromanga basin, but it is offshore where the greater likelihood exists of finding the large fields the country needs.

Senator Peter Walsh, the Energy Minister, has indicated that the Government is prepared to listen and talks are under way with the Esso-BHP and Barrow Island joint venturers to formulate a tax arrangement which would not prejudice their development projects.

Eventually the tax treatment of the Rundle oilshale project will also have to be determined —a process not easy for a government convinced there is much more oil still to be found by conventional exploration. In the meantime Esso's apparent progress in solving the problem at *Rundle is cause for modest* celebration.

$34m CALIFORNIAN BIOMASS PROJECT DUE TO BE COMPLETED NEXT YEAR

BY MAURICE SAMUELSON

WOOD, man's oldest fuel, is making a comeback as a direct substitute for oil in power stations or as a raw material for conversion into high octane oil substitutes.

Countries with large forestry industries, such as the U.S., Sweden and France, are in the forefront of using timber and other vegetable materials, known collectively as biomass, for energy purposes.

One of the newest biomass projects is an 18 megawatt power station to be built in *California by Applied Power* Technology, a private company headed by Baron Steven Bentinck, a colourful member of the German Thyssen family.

Although there are much larger publicly-owned wood-fired power stations in the U.S., including a 200 Mg plant planned in New England, APT's is claimed to be the largest private venture of this kind in California.

Under a contract signed last week, work is to start immediately on the $34m plant which is due to be completed late next year.

The electricity will be sold under a 30-year contract to Pacific Gas and Electric Company, a subsidiary of the Los Angeles-based Pacific Lighting Corporation, with revenues of about $5bn a year.

The plant, at Oroville, north California, will burn sawmill and urban wood waste, agricultural prunings and forest residues from the surrounding district. Its power will be sufficient for a town of up to 3,000 people.

According to the International Energy Agency, biomass fuels, together with wind power, are expected to save the U.S. as a whole the equivalent of 150m tonnes of oil a year by the year 2000, corresponding to 6.9 per cent of total primary energy requirement (TPER).

In Canada, biomass could be saving 22m tonnes of oil equivalent by 2000, equal to 5.5 per cent of energy requirements. In Sweden, according to the National Energy Programme of 1981, biomass should supply around 8 per cent of total energy supply by 1990.

In France by 1990 biomass should be contributing about 8m tonnes of oil equivalent *out of a national consumption* of 190m tonnes a year.

UK REGIONAL REPORT

Unemployment and urban deprivation are at crisis levels and the region is desperately seeking assisted area status. Industrial and economic organisations have been joining forces to lobby Westminster for a decision.

West Midlands

Plea for opportunities

By Arthur Smith

A LEADING commercial figure in the West Midlands pauses over his port to reflect on the problems of high long-term unemployment: "This region has so many opportunities and so much going for it. But it's a question of whether the have-nots will allow the haves to enjoy it."

Cynical though the comment might appear, it sums up the stark contrast of a region that once deservedly attracted all the now well-worn clichés: "Cradle of the Industrial Revolution," "workshop of the world," "Britain's industrial heartland." The speed and ferocity of the recession that has seen companies collapse, jobs axed by the thousand, and unemployment shoot upwards has been traumatic.

A deputation of civic and industrial leaders from Birmingham was in Whitehall last week warning the Government that the city has "a problem of urban deprivation unparalleled in the country in both scale and intensity."

Unemployment among the 270,000 in Birmingham's inner area is already above 30 per cent — a point underlined by a recent study by the Confederation of British Industry which predicted that the jobless total was unlikely to alter over the next five years.

"There is every indication that unemployment will continue at the present very high levels. But it is something that [illegible]" says Mr Jim Cran, director of the West Midlands office of the CBI.

He believes hope for the region lies in those very same small companies that created prosperity in the past. As a Scotsman he enthuses: "The thing that is different about the West Midlands is its vibrant small business sector. The entrepreneurs are here. They have flair."

The CBI, though traditionally the champion of big business, has led the campaign for assisted area status so that the region can compete all square for new investment with other parts of the country. And there is such a head of steam that there will be a crisis of expectations should the Government in its current review of regional policy not make significant concessions to the West Midlands office of the CBI.

Cling

The chambers of commerce as the voice of the small firms jumped only belatedly on the assistance bandwagon. They clung determinedly to the belief in free market forces — that the Government should roll back the subsidies to other parts of the country.

Indeed, the case put forward by the West Midlands seems unanswerable: that the regional policies of governments throughout the boom years of the 1950s and 1960s siphoned off the new and growth companies to the development areas.

Hopes in the Midlands that the present Conservative administration would take a more radical view and reverse policy were dashed with the publication by Mr Norman Tebbit, Trade and Industry Secretary, of a White Paper in which he made clear regional assistance was here to stay.

The fact that he singled out the West Midlands as having suffered from the large changes in the distribution of unemployment was taken as a clear pointer to Government thinking. The talking point in the region is not whether aid will be forthcoming but the area likely to be embraced and the level at which it will be pitched.

The best guess, and ministers insist there will be no announcement until the end of autumn (most likely December), is that most of the present West Midlands county will be included. Should there be a two-tier level of assistance, compared with the present three, the West Midlands will be on the minimum.

In the event of there being three scales, restricted areas might get preferential treatment — such as Telford, Wolverhampton, parts of Walsall and central Birmingham.

The advantage of assisted area status, even on the bottom rung, is that it will open the door to funds from the European Community and for selective finance under Section 7 of the Industry Act. Again and again the cry from the region is not for special advantages — merely the ability to compete on equal terms. There are complaints that the inability to offer pump-priming finance to companies from abroad means that projects slip away to assisted areas.

The issue has been raised forcibly by Mr Charles Darby, chairman of the West Midlands Industrial Development Association, a private sector initiative to attract investment from overseas.

The association, something of a compromise to the extent the department of industry was anxious not to sponsor any body that might have political muscle, is making an important contribution in co-ordinating effort by the many local authorities to recruit new companies.

The £300,000 a year finance is provided equally by the Department of Industry, local authorities and private contributions — a pattern the government is anxious to see followed elsewhere. While the association is giving important practical backing to the needs of the region, the West Midlands lobby seems to have developed a political dimension in recent months.

"The other regions are getting worried about the impact we are having," says Mr Cran of the CBI. The West Midlands with its strong tradition of self-help and individualism, has always found it difficult to speak with one voice. The vacuum has been filled increasingly in recent months by the West Midlands Regional Economic consortium — an ad hoc grouping of the five county councils, the regional TUC, chambers of commerce and CBI.

Chairman of the consortium and Deputy Leader of the West Midlands County Council is Mr David Sparks. He says: "For too long the other regions have run rings round us in putting forward their view in Whitehall and Westminster."

Mr Sparks has carefully cultivated the role of the consortium. "People should not have too high expectations. We have merely formed an additional lobby. We can exchange ideas and co-ordinate action but each of the constituent bodies is free to reach its own conclusions and take its own course."

But the consensus that has been established — and Mr Sparks though he speaks for a council with a Left-wing reputation declares himself pleased with the achievement — has gained credibility. It was, he says, the breadth of the consortium's representation—company director through to shop-floor — that gained a personal audience with Mr Tebbit to discuss regional policy. Potentially a bigger coup is Mr Sparks' success last week in attracting Mr Antonio Giolitti, an EEC Commissioner, for a tour of the region.

Significant

The West Midlands has already received money from Europe, but designation as an assisted area will be crucial in future for getting cash through the European Regional Development Fund. The Brussels connection is particularly significant for Birmingham which is likely to seek up to 50 per cent of the funding for a planned £90m convention centre.

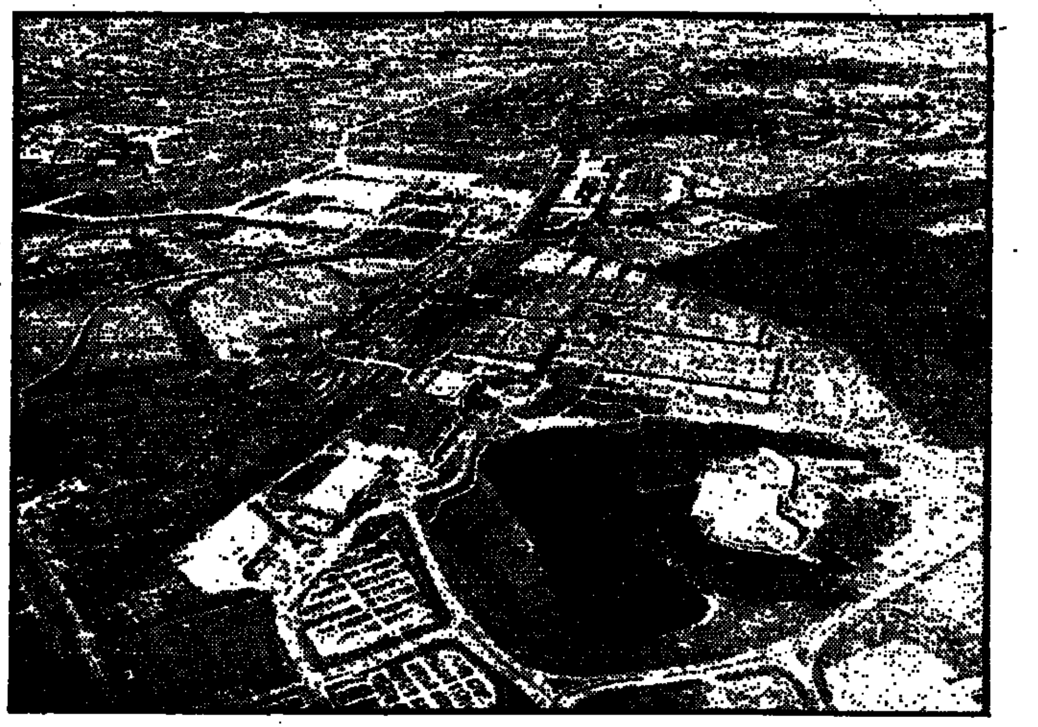
The West Midlands county, on an index of severity of regional problems compiled by the Commission, ranks 21st out of 131 similar-sized European areas. All the regions above the county have national assisted area status as do six of the British and many of the foreign regions below.

The Government itself acknowledged the economic problems of the region in March last year when Mr John Butcher, the Parliamentary Under-Secretary at the Department of Trade and Industry, was dubbed "Minister for the West Midlands." His task was to head up "a team for innovation" to encourage local industry to introduce new technology.

The timing of the appointment just a few months before a widely predicted general election inevitably attracted cynical comment that the move was merely a public relations exercise. Mr Butcher, 18 months on, argues that it has been "a long hard slog" and insists that there has been a radical change in attitude: "Industrialists are out on the attack, becoming more competitive and looking for markets rather than just moaning about the problems."

He maintains that the role of the innovation team—seven civil servants aided by an industrial adviser seconded from IMI — has changed. At the outset it was a question of marketing government assistance available under the various support for innovation schemes. The programme had been so successful that the regions had taken up more than its share of funds which are now restricted.

About the likely outcome of the Government review of regional policy and the continued need for a special minister for the region, Mr Butcher is understandably coy. He smiles without comment when told of the likely crisis of expectations should the assisted area status not be forthcoming: with such status a Minister would be irrelevant, without such status his position would be untenable.



FOR THOSE who might question the credibility of Birmingham's ambitious plan to build a £120m convention centre to establish the city in a growing international business, there is a quick answer. The National Exhibition Centre (centre) a local initiative backed with £50m of funds by the city council, is already showing a handsome net profit.

Around the NEC, a greenfield site to the south of Birmingham and just off the motorway network, an important regional growth point is developing. The Queen recently opened new £64m facilities to push expansion of Birmingham International Airport. Linking the airport to the NEC is the futuristic Maglev—a pioneering elevated transit link which it is hoped will be sold worldwide.

Nearby, work is pressing ahead on a freeport, one of the first handful of duty-free zones designated by the government.

The NEC, which now boasts nine major halls and a total exhibition area of 105,000 square metres, has expanded by an extra 15,000 square metres since opening in 1976. About £3.5m has been spent on improvements just over the past two years.

Mr Terry Golding, the centre's chief executive, reports that the current year with 45 exhibitions will be one of the busiest and some 3m visitors are likely to be attracted.

He is also looking to future expansion. Birmingham city has acquired 100 acres of land to the north of the NEC and studies are being carried out as to likely requirements over the next 15 years. "We already have exhibitions that are bursting at the seams. As we emerge from recession we shall be looking to meet a growing demand."

Initial studies suggest a convention centre could create nearly 2,000 jobs directly and generate revenue approaching £40m a year. It is against this background that the city council is seeking funds from the European Community for a project seen as urgent for the regeneration of the regional economy.

Vain search for signs of growth

Industry
ARTHUR SMITH

"RECOVERY, what recovery?" was the cry that came out of the West Midlands in the spring as optimistic noises began to issue from Whitehall and Westminster about an improvement in the economy. That deep scepticism, lightened only by an improvement in export markets because of the weakness of the pound, has continued throughout the year.

The region that is disproportionately dependent upon manufacturing — the engineering vehicles and metal bashing industries—could see little real growth. Improved demand owed more to the failure of competitors — fewer companies chasing the same orders.

"What improvement there was seemed to flatten out in the summer months," says Mr Jim Cran, director of the West Midlands region of the Confederation of British Industry. "We are having to look a lot, lot harder for the good news."

Dark clouds might be scudding across the sky — the miners' strike, disruption at the docks, higher interest rates — but that is true of the rest of the country. The real problem is the erosion of the manufacturing base, particularly the once prosperous vehicle assembly industry. The giants, such as Lucas and GKN who provide the components are having to follow markets overseas.

Cost-cutting

Company after company might be reporting improved profits, but they derive not from rising UK markets but from the rationalisation and cost-cutting programmes of the past three years.

Mr Cran expresses a widely held concern for the small and medium-sized manufacturing companies: "It's OK for the big boys who have the financial and management resources to move into new products and markets. But what about that whole strata of companies underneath whose price and profit margins are under pressure? How do they get new machinery and move out of old buildings?

Indeed, for a region that has had to stand hopelessly by and watch its traditional industries wither — jobs were disappearing in Birmingham alone at the rate of 2,000 a month for a period — the question of where the new employment comes from becomes more imperative.

Mr Cran argues that the rigours of recession have made management far more professional and competitive. He maintains the small business sector is vibrant. "Entrepreneurs actually happen here. That is what makes the West Midlands different from anywhere else in my experience."

A Scotsman who unsuccessfully fought two parliamentary seats for the Conservatives in his homeland, Mr Cran is an economics graduate from Aberdeen who worked as director of the National Association of Pension Funds before becoming a CBI director in the northern region.

The CBI and the chambers of commerce in seeking the climate in which new business can flourish have stressed repeatedly the need for restraint both in spending and rating policy by local authorities.

But there are signs of a growing consensus, particularly in Birmingham where the newly-elected Labour administration has instituted a series of meetings with business leaders with the aim of pursuing a common strategy.

The proposed abolition of the West Midlands County Council, which has taken a highly interventionist line in seeking to restructure the regional economy, will leave something of a vacuum. Each of the seven district councils is re-examining what initiatives should be taken locally.

For example, Mr Tom Caulcott, chief executive of Birmingham City Council, points to the formation of an economic development unit to co-ordinate business promotion activities.

One idea gaining favour is to retain the West Midlands Enterprise Board—a body created and financed by the county council but which has also attracted pension funds. Should the county council be abolished the individual district councils are likely to be invited to take a stake in the enterprise board.

Jim Cran: looking for good news

The purpose of the board is to provide a source of finance to the important medium-sized manufacturing companies employing more than 50. Investments have already been made in 22 companies involving nearly 2,000 jobs. While the board has contributed £5.53m, private sources of finance have pushed the total investment to £28.5m.

In the bid to attract high technology companies the county council has allocated a greenfield site near to the National Exhibition Centre, the prime location, still subject to the verdict of a Department of Environment inquiry, offers the advantage of closeness to the motorway network, Birmingham International Rail Station and the newly expanded airport.

An important strand to the campaign to get technology-based companies is the development of science parks. Both Aston and Warwick universities are already well established while Birmingham is expanding its long-standing links with industry.

Mr John Butcher, Minister for the West Midlands, has leant his weight by pushing for the region to establish itself as an international centre for flexible manufacturing systems. He argues that on a line from Rugby in the south to Telford in the north there is the highest concentration in the UK of potential suppliers and users of automated manufacturing techniques.

Among the suppliers are the Unimation, British Federal Welding, GEC and TI … Software houses and systems consultants are in abundance. Potential customers, apart from the big names such as Austin Rover and Lucas, include the 13,000 engineering companies located in the region.

A boost for the region came with the Government decision to designate part of the Birmingham Airport site as one of Britain's first duty-free zones, or freeports. The project, a private venture, is moving apace and is seen as yet another carrot to tempt new investment.

The low level of reinvestment, particularly during the boom years, is seen as a major cause of the present predicament of the West Midlands. But there is no sign of the growth markets or even the confidence to commit sums to new capacity. "Investment in the region is agonisingly slow," Mr Cran reports. "The only money spent is to replace old equipment, or to cut labour costs and raise efficiency."

Concern

It is against such a background where new technology and higher productivity lead to fewer jobs that there is concern about longer-term trends for unemployment. The problem is highlighted by Dr Malcolm Skillicorn, regional chairman of the CBI, who points out that large companies are unlikely to provide many extra jobs over the next decade.

He suggests that workers in the region should follow the example of the U.S. and be less concerned with pay increases and more with job creation. In America a willingness to accept a cut in average real earnings had lead to 4.6m extra jobs over the past five years. By contrast employment in the UK had fallen by almost 1.7m.

Such arguments for restraint could strike a sympathetic chord in the region which, from being the pacesetter in paydemands just a decade ago, now seems to offer almost the model for moderation.

Trade unions have seen their membership plummet as the redundancy axe has hacked away at employment. Nowhere is "the new realism" more evident than in the Midlands where the militancy has evaporated almost as quickly as the jobs.

New work practices and flexibility in the use of labour are the order of the day as company after company pushes through genuine productivity schemes which contrast starkly with the sort of bogus deals struck in the 1960s when the aim was higher output almost regardless of cost.

But while union leaders confide in private about the low morale induced by unemployment on a scale unknown to a generation of workers who have known nothing but prosperity, there is a nervousness among employers that unrest might be growing.

Eyes are beginning to focus upon the demand by workers at Austin Rover's giant assembly plant at Longbridge for a £20-a-week-plus rise. The importance of the Birmingham factory has long since diminished from the days when claims submitted by Derek Robinson, the Communist convenor, gave a lead to workers throughout the region. But even union leaders are bemused as to whether the extravagant claim is likely to be backed by industrial muscle.

Perhaps more significant is the £25-a-week demand by Jaguar workers at Coventry. Not only have they been launched as a profitable company back into the private sector, but they are also shareholders in the venture.

The mood is caught by one senior union official: "In 40 years' experience of this region I would never have believed what has happened in the past four years. Those in work take a totally different view of the world from the unemployed. I await with an open mind the autumn pay round."

One of the brighter points for the region has been the advantage offered in export markets by the weakness of the pound. Companies report that while price competition remains fierce in international markets, opportunities in the U.S. and Europe have become more attractive. Among trades which have benefited are pottery, carpets, glass and consumer goods.

Mr Brian Varley, director of the West Midlands office of the British Overseas Trades Board, reports that companies are moving away from traditional markets in countries such as Australia and New Zealand towards the U.S. and Europe, both because of EEC membership and the weakness of the pound.

He maintains that more companies, particularly smaller ones, are looking to sales overseas for the first time. "I think it is the result of the efficiency that comes from three to four years of recession. There also seems to be a greater entrepreneurial spirit."

Aston Science Park, Birmingham. The development of science parks is an important part of the campaign to attract technology-based companies to the region

Employers worried about job losses

CBI study
ARTHUR SMITH

THE LONG-TERM implications for Birmingham of an unemployment level already approaching 20 per cent are "disquieting," according to a study just completed by the Confederation of British Industry special programmes unit.

The study, supported by the top companies in West Midlands industry and commerce, presents a "unique and important statement" of how employers view prospects in Birmingham over the next five years, according to Sir Trevor Holdsworth, chairman of GKN.

The report finds:

- One in four jobs has been lost since 1978.
- The downward trend appears set to continue, but at a much slower rate.
- Services will not make up for the heavy losses in manufacturing.

Employment in Birmingham dropped from 570,000 in 1978 to 498,000 in 1981 and on present trends will slump to 406,000 by 1988.

WHY HAS IT HAPPENED?

The CBI argues that Birmingham which accounts for a large part of the West Midlands regions, has suffered from a malaise that has seen productivity, investment output and earnings fall. The regions has suffered disproportionately — particularly metal bashing and vehicles.

Birmingham's major manufacturers have been increasingly forced to follow their markets and operate abroad: the top eight companies now have one-third of their employment overseas.

One in five of the workforce is unemployed—more than double the level in 1978. The unemployed stay out of work longer than almost anywhere else in the country.

The problem is structural not cyclical, with manufacturing employment in 1988 expected to be less than half that of a decade earlier. The jobless are concentrated on the inner city, the lesser skilled and the ethic minorities.

Viable occupations: Skill shortages already exist among technicians and graduates associated with computers, electronics and multi-skilled crafts. If the shortages intensify they could inhibit recovery.

Volatile occupations: The semi-skilled, the largest group in Birmingham, are most affected by changes in business activity. Re-training and redeployment must be a major objective.

Vulnerable occupations: Prospects are worst for the unskilled and clerical work related to computer technology.

Establish a new partnership between business, local and central government.

Develop a long-term business strategy for the city.

Aid immediate business recovery attack unemployment, especially among the young.

Mr Albert Bore, Labour chairman of Birmingham City Council economic development committee, welcomes the CBI report and stresses the need for a continuing working relationship between the business community and the local authority.

"Once we can identify the common problems which are now happening we can all pull together to commit the resources necessary to make the city prosperous," he says.

Birmingham's lost jobs

	Average loss
1978-81 (3 years)	24,000
1981-82	42,000
1982-83	22,000
1983-84	14,000
1984-88 (4 years)	3,500

Source: CBI Special programmes unit

Numbers employed in Birmingham

	Manufacturing ('000s)	Services	Total	% Manufacturing
1978	245	324	570	43.0
1982	155	301	456	34.0
1983	139	294	434	32.0
1984	128	291	420	30.5
1988*	122	283	406	30.0

* Forecast.

Source. CBI Special Programmes Unit

Firms expanding and diversifying

Accountants

ARTHUR SMITH

MR. GEORGE CARTER heads one of the few fast growth businesses in the Midlands—one that has prospered as recession has ravaged the region. He is the partner in charge of the West Midlands office of Price Waterhouse, which, like other big accountancy firms, has expanded its presence.

Mr Carter joined the West Midlands office of Price Waterhouse in 1980 with the downturn still gathering pace. Then there were 14 partners and a staff of 300. Now there are 23 partners and a staff of 340.

From his office high up in one of the blocks in the commercial centre of Birmingham he can point to other buildings that house the firm's expanding local government advisory service and the computer where a special team is engaged on a two-year contract to write software programs for a client.

Indeed, an important factor in stimulating the office market, according to estate agents, has been the growth of the accountancy firms—and all the big ones have representation in Birmingham.

But the experience of Price Waterhouse alone underlines the dramatic changes taking place in perhaps the most conservative of professions. There is the polarisation of firms, evident for more than a decade, with the medium-sized businesses being squeezed out at the expense of the giants and the local specialists. More recent is the growth in the range and sophistication of services.

Mr Carter points to the growing importance of tax advice, small business guidance and general consultancy. From almost nothing a few years ago management consultancy has mushroomed to account for around 20 per cent of fee income and support three partners and 40 staff.

George Carter: new clients

The disciplines embraced by the Birmingham office include not just accountancy but data processing, engineering personnel, computer control and systems analysis.

The writing has been on the wall for some time that accountancy firms had to diversify in pursuit of growth. The traditional company audit business was in decline. Not only is there more competition with work increasingly put out to tender, but there are fewer client companies as the result of recession.

Price Waterhouse claims to have picked up sufficient new clients to hold the audit business stable but concedes that it now accounts for only around half of turnover, compared with 80 per cent a few years ago.

Price Waterhouse, like many of the other big names in the profession, established its presence in the midlands by merging with one of the long-established medium-sized Birmingham firms in the early 1960s.

This was part of the trend that saw the major manufacturing companies of the region turning to accountancy practices that could offer not only a wider range of services but also an international dimension.

The onset of recession brought an inevitable upturn in insolvency business. But in the troubled West Midlands it demanded a new approach, Mr Carter says. "There is a need to be constructive, to seek to preserve business and create opportunities."

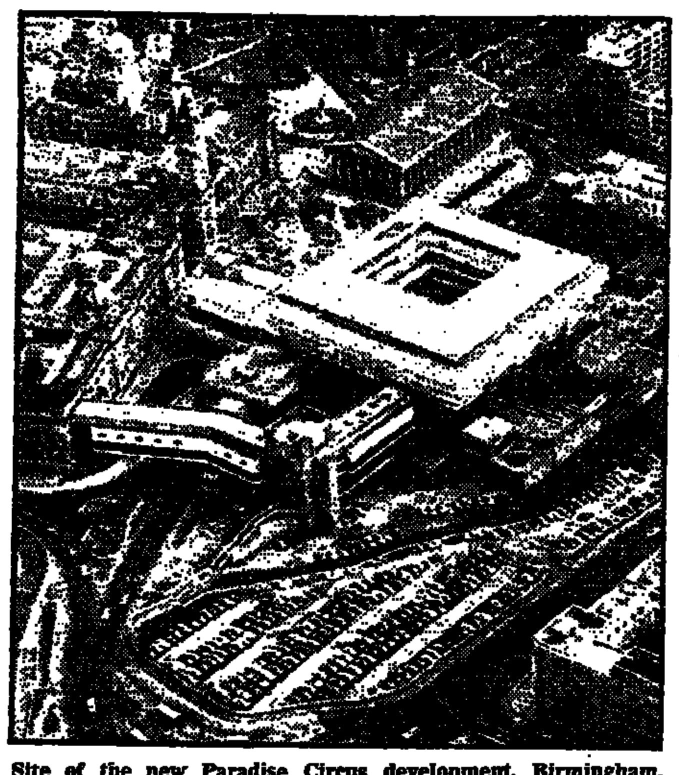
Another important role opened up with banks seeking the services of accountants like Price Waterhouse to monitor the operations of troubled companies: "Very often management found itself unable to take decisions it knew were necessary. We could resolve the situation before it was necessary to call in the receiver."

Advise

It is against this background that specialist services have been developed, whether to advise upon the complexity of taxation or the development of management, financial and cost control systems.

Mr Carter maintains that the West Midlands office, because of the spread of clients with which it deals, can offer a range of services as comprehensive as any of the firm's 19 UK offices, including London.

The fact the number of partners based in the Birmingham office has grown faster than the total staff is a reflection both of the growing sophistication of services and the demand by clients for top level consultation.



Site of the new Paradise Circus development, Birmingham, currently undergoing major construction work, with the Central Library (centre). The expansion of accountancy firms has been a significant factor in the growth of the market for offices.

Price Waterhouse, though an international practice, has recognised the importance of having senior people on the spot in the West Midlands, rather than travelling out from London: "We know the personalities and the companies at first hand," Mr Carter says.

The importance of the local contact is underlined by the decision to set up an office in Dudley in 1981 to serve the Black Country. Mr Carter explains: "Black Country people do not regard themselves as being part of the Birmingham conurbation. They are different and want to be treated as such."

The office, with four partners, has proved a success. "We are prepared to put the resources into the region. You cannot just sit back and wait for the growth to come."

Mr Carter sees the small business sector as significant not only for the region but also for his own practice. "We have to cast some bread upon the water. There are a range of companies who might be vulnerable and might not initially offer a lot in fees but their successful development must be encouraged."

Public image

The problem for Price Waterhouse in attracting such business is its public image, Mr Carter says. "To the man in the street, because we handle so many of the big clients, we are associated with the likes of ICI or Shell. One of our objectives here in the West Midlands is to persuade the small businessman we are just as interested in him."

Of the new companies coming through, Mr Carter says there is no fixed pattern but they tend to be related more to traditional manufacturing activities rather than high technology.

Looking to likely growth over the next five years, he believes this trend will continue. "We are witnessing the reverse of what happened in the 1960s with a move towards smaller units through management buy-outs and the drive for greater efficiency. I think the West Midlands will continue to rely upon its traditional strengths."

Initiatives to attract investment

The WMID

ARTHUR SMITH

CHANTRY HOUSE, set in the rolling acres of Warwickshire, is a far cry for Major Ronald Sampson from the streets of Belfast where he had to brief journalists on the latest troubles in the province.

But 10 years on he conducts the interview with military precision. There is the large map on the wall of the vast area covered by the West Midlands Industrial Development Association—a unique private sector initiative to bring investment and new industry to a troubled region.

He took up his post as chief executive on January 1 this year. A short, dapper, 47 year old and as immaculately groomed as one would expect from a man from the Royal Signals, he talks crisply of the strategy and targets of the marketing campaign.

But there is a softness in his speech and a warmness in his approach that indicates he knows it takes more than facts and figures to sell a location to prospective employers. He never gives a hint that he has been landed a political hot potato in seeking to unite the interests of the five disparate counties that form the West Midlands region.

Chantry House, even with its luxurious lawns, is cost-effective because it is considerably cheaper than the prime office locations. At the small town of Coleshill, it might be close to the motorway network but "it is equally inconvenient for everyone."

The industrial Development Association was bred out of a feeling among industrialists, particularly within the Confederation of British Industry, that the region had to "get its act together." While in principle Midlands manufacurers might be opposed to government assistance offered through regional policy, they were losing out to other parts of the country.

The association does not have a political role. The Department of Industry, while it was prepared to put up one third of the £300,000 a year suggested costs, did not want to be seen to be backing the sort of lobby that other regions had managed to articulate for themselves—the sort of demands that might prove embarrassing.

Mr Sampson's role, accordingly, is strictly limited. His attention is focused primarily upon inward investment from overseas. He must work closely with the Invest in Britain bureau which claims a worldwide network of diplomatic and trade channels.

Newcomers

The association is widely acknowledged to have made a good start. Its first success has been notched up with the decision by U.S. vacuum cleaner manufacturer, Kirby of Cleveland, Ohio, to use the West Midlands for its UK and European headquarters. Many more prospective newcomers are in the pipeline, Mr Sampson reports.

Mr Norman Tebbit, Secretary for Trade and Industry, is known to be watching with interest the progress of the association which it is thought could form a pattern to be copied elsewhere in the UK. Though the Government chips in one third of the cost, the balance is shared equally between contributions from individual companies and local authorities in the region.

But is not £300,000 a miserly budget on which to sell the whole of the West Midlands? Mr Sampson laughs: "It is no use just throwing money at the problem. You have to identify a target and personal contact is a lot more valuable than just advertising."

He points out that it is for other bodies in the region such as development corporations and local authorities to do their own advertising. "More than £2m a year is already spent to promote various parts of the region."

Mr Sampson, who previously held similar positions attracting industry first to South Yorkshire and then the Grampian region of Scotland, says the West Midlands is easy to sell: "It's at the centre—you can reach more than 60 per cent of the nation's people within a day's drive.

"Remote areas have to concentrate on high-technology high added value products. Here, because all the markets are so close, you can manufacture no-tech and still make a profit. All the skills are in the region. There's nothing worth making that isn't made in the Midlands."

Generous

Though Mr Sampson heads only a handful of staff, he says generous resources are also being made available by local authorities, banks, accountants, the chambers of commerce and the CBI. "We really are getting unstinting support and co-operation. Everyone knows there is an important job to be done."

He cites the example of the chairman of one large company in the region who flew out to the U.S. twice at his own expense to speak to an American company interested in location in the West Midlands.

Mr Sampson has identified a limited number of target areas in which personal contact with companies is being developed: the Midwest states, in America, because their industrial structure is similar to that of the Midlands; the Far East; and the industrial areas of southern Europe.

In the U.S. the association has opened an office in Chicago and appointed a director, Mr Ian Gray, who has already spent six years in the Mid-west and has developed good local contacts.

Mr Gray argues that because the U.S. seems to have come out of recession before the UK it is in an expansionist mood: "I am sure we can persuade a significant number of companies to base their UK and European expansion programmes in the West Midlands."

West Midlands County Council already has an office in Tokyo where its representative, Schinichi Yoda, will act also for the association. Birmingham City Council is putting a representative in Hong Kong who the association will share.

The drive in Europe is being handled from Coleshill. Mr Sampson says the association will take part in a Birmingham Chamber of Commerce visit to Milan this month both to reinforce contacts and produce a schedule of events for the industrial areas of Italy, Switzerland and Bavaria.

Mr Sampson is clearly relishing the role of the association. He says the fact industry took the initiative in forming the body offers a big advantage over other agencies often dominated by local authority interests. "I can bring industrialists straight into the local board rooms to talk to the people with the answers. We don't have to waste time shaking hands with dignataries with chains of gold hung round their necks."

A FINANCIAL TIMES SURVEY

PROPERTY IN THE MIDLANDS

November 23 1984

The Financial Times is proposing to publish a survey on Property in the Midlands in its issue of November 23. The provisional editorial synopsis is set out below:

The Midlands property market has picked up—but from a low point. How soundly based is the improvement? Prospects for the regional economy: an assessment of business confidence and investment intentions.

Editorial coverage will also include:

The Initiatives — The Agents
Rates and Local Authorities — Developers
Market Trends

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication date of Surveys in the Financial Times are subject to change at the discretion of the Editor.

The main sectors of the property market are responding differently to the pressures of recession

Different views about long-term prospects

Industrial

LORNE BARLING

THE LONG-TERM prospects for industrial property in the West Midlands have become a highly contentious issue in the past two years, owing to severity of the recession and the changes in manufacturing trends.

One view is that the West Midlands' industrial pre-eminence is now over, and that there will be a much broader national spread of industrial and commercial activity, reflecting the emergence of smaller, high-technology industries.

The more optimistic scenario is that the region's industry has slimmed down and become more efficient, and will now attract considerable new investment as local companies purchase advanced manufacturing equipment.

Against this background, it is estimated that the West Midlands now has between 25m and 30m sq ft of unused industrial space, much of which is in older buildings which are unsuitable in their present form for further use.

There is no doubt that institutional investors have taken a pessimistic view of the region's industrial prospects recently, but there are signs that this is now being reassessed, partly in the light of development projects being undertaken by local companies with excess land.

Subsidiary

The most notable of these is the IMI subsidiary, Holford Developments, which is undertaking a major project on 110 acres of land at Witton, Birmingham. The first phase of this will create a total of about 80,000 sq ft of medium technology space, with sufficient flexibility to provide about 20 per cent office space, according to agents Chesshire Gibson.

This first phase, which will cover about 45 acres when complete, is aimed at providing suitable space for growth industries within the area, providing room for expansion at a later date if necessary.

The decision to go for intermediate size and technology companies appears to be a compromise based on the industrial expectations for the West Midlands, where there is little evidence of demand for the kind of high-technology space sought by smaller companies in other parts of the country.

Overall, however, there is now a broadly improving demand for all kinds of industrial space, with a steady stream of companies taking advantage of the low property prices to acquire freehold ownership.

In many cases this is being achieved through developers purchasing larger, outdated factories and dividing them into smaller but improved units for re-sale. For purchaser companies, the repayments towards purchase are often similar in amount to previous rents.

Since the start of the recession, new industrial developments have been very limited, and even the construction of smaller units has been fairly restricted. However, there have been certain exceptions, such as within the enterprise zones and in the nursery unit sector, where there remains ample supply.

Agents point out, however, that there has been very little new building in the medium sized range, from 4,000 sq ft to 15,000 sq ft and while it would be unrealistic to talk about shortages, there is also increasing demand for property in this size range.

There is also some evidence of rising demand for larger premises, some agents believe, due indirectly to the effects of recession. "Companies have reduced their work forces to cope with falling demand, but now they are modernising to improve productivity and many older factories are unsuitable," one agent said.

"For this reason they are looking for more modern, cost-effective premises in which to install new equipment. We are also seeing a greater degree of mobility because of the more common acceptance of short-term leases."

In addition, companies were said to be seeking larger premises than they actually need in order to provide room for expansion and thereby avoid the cost of moving again.

The prices of industrial space in the West Midlands have not moved significantly for some time, with top quality units in the range of 5,000 to 15,000 sq ft now achieving rentals of about £2.50 a sq ft. For space in older buildings this falls to well below £2 a sq ft. In the range of 1,500 sq ft to about 2,000 sq ft prices of about £3 are being charged.

The industrial future of the West Midlands remains the real arbiter of costs and future development, with much resting now on the forthcoming government announcement on regional aid policy. If the West Midlands is granted some from assisted area status, which many industrialists now believe it must, property development could rapidly be turned around.

Similarly, local attempts to project the West Midlands as an attractive investment area with far more to offer in terms of industrial diversity than Scotland or South Wales, could begin to succeed, with important implications for industrial development.

Overall, it seems that industrial property projects in the area are due for careful reassessment in the light of a number of changes, most of them potentially beneficial, which could take place in the near future.

This recently-completed block of 120,000 sq ft in Victoria Square in the heart of Birmingham is one of four blocks totalling 320,000 sq ft in the city centre which await tenants

Waiting for change

Offices

ARTHUR SMITH

FRUSTRATION is the word that perhaps best describes the Midlands office market. Agents report a high level of inquiries —"there are some big fish just waiting to be hauled in." Developers' confidence in the region is amply demonstrated in Birmingham city centre alone where four blocks totalling 320,000 sq ft have recently been completed, but stand almost empty.

There is much planning activity and talk of new schemes. "But no one is taking the final decisions and signing on the dotted line," says Mr Tony Ramsden of agents Colliers Bigwood and Bewlay. He dismisses the idea that uncertainty over interest rates and the miners' dispute are causes of delay. "The strength of the region is apparent. Strategic decisions are not affected by such short-term considerations."

Agents, while grumbling about the low take-up of new space during the summer months, nevertheless remain confident the market will easily digest the current surplus. The comment from Elliott Son and Boyton is typical: "It will only take one major letting for the whole picture to change dramatically. Then it will be all action again."

Rents, in spite of recession, have moved consistently upwards over the past five years—in many cases doubling. Prime sites in Birmingham now command up to £8.50 a square foot, though there is a ready supply of second-hand space, often in good locations at between £2 and £4 a square foot.

Changes in the accountancy world with mergers and the growth of consultancy work has given a boost to the property sector with many of the big firms moving into new premises. The specialisation of office locations has tended to reassert itself, with the banks, insurance companies and business houses focusing upon the prime financial centre around St Philips Square, in Birmingham.

The computer firms and marketing operations, with representatives on the road and where parking is at a premium, tend to opt for more suburban locations such as Edgbaston. There is continued but small-scale development in attractive locations such as Solihull and Sutton Coldfield.

Stir

Elsewhere in the region — and Coventry, once a popular venue for office developers, provides a good example — the cold winds of recession appear to be still blowing fairly strongly.

The project which has caused perhaps the biggest stir is redevelopment of Edgbaston's old Snow Hill Station site which spreads over 6½ acres but is immediately adjacent to the prime financial quarter.

The developer is Viking Property, of Derby, but Sun Alliance Insurance which is backing the scheme is taking 66,000 sq ft as its new regional office. Accountants, Arthur Young McLelland Moores and Co have agreed to rent another 40,000 sq ft.

Work on the next 77,000 sq ft block is likely to start as soon as the market improves. Agents seem confident that the asking price of £8.50 a square foot will be achieved even in a climate where deals are being clinched with the offer of rent-free periods and contributions towards fitting-out costs.

The rent asked is significantly lower for the four new blocks currently overhanging the Birmingham market. Tarmac Properties is looking for £7 plus for its 120,000 sq ft building which overlooks the Town Hall in Victoria Square.

The quest for a single tenant for Civic House, an 80,000 sq ft building just outside the main pitch, has been abandoned. Tenants are moving in at around £6.75 a square foot.

Lettings have also been achieved at the 60,000 sq ft Berwick House where both Price Waterhouse and Scottish Amicable are taking space.

A rent of about £7 a square foot is sought in the 80,000 sq ft Embassy House at the junction of Cornwall Street and Church Street. The developers opted for a quick-build system in order to catch what was widely expected to be a rising market.

Location is all important but new schemes in the city centre are not expected, given the present space available, at least until next year. Towards the front of the queue of projects under discussion must be the Paradise Circus development which includes provision for more than 180,000 sq ft of offices.

Outside the city centre, developers are responding to the demand by tenants not only for 24-hour access but also for their own front door and identity. Schemes are about to start in Broad Street, a much-neglected avenue that links the city to Edgbaston, to provide totally self-contained units of around 2,500 sq ft. Equally important to the concept the offices will be offered freehold rather than leasehold.

Broad Street has been given a lift by the ambitious plans by Birmingham City Council to site a £120m convention centre on its doorstep. But while there might be special reasons for the attraction of the Broad Street projects, the trend towards self-contained units is firmly established and the cause of much speculative development elsewhere in the region.

Confidence reinforces demand

Retailing

LORNE BARLING

RECESSION in manufacturing industry has done nothing to dampen the continuing retail boom in Birmingham and some other parts of the West Midlands, with the result that retail property is generally in strong demand.

Institutional investors, having cut back on the funding of office and industrial projects in the area, are reported to be actively seeking suitable retail property projects, particularly those which are centrally located.

The prime example of this is the recently announced Royal Life Insurance Development on the Old Greater Midlands Co-operative Society store in the High Street in Birmingham, where a glittering 190,000 sq ft of retail space is to be developed on the most modern lines.

Bryant Properties, in conjunction with Royal Life, has been chosen from bidders for the scheme, which will provide a gross area of 250,000 sq ft with shops on four floors grouped around a central mall.

The completed development will be worth an estimated £55m and the freehold is being sold to Bryant-Royal Life for more than £25m. Planning consent is now being sought and the project is expected to be completed by early 1987.

Comparable

Bryant Properties says the only comparable retail developments are those taking place in the U.S., and the site's position next to Marks and Spencer gives it a prime position for top rents.

This confidence is reinforced by the recent announcement that Debenhams is returning to the city under its old trading name of Greys of Birmingham, and by the major refurbishment of Rackhams, the House of Fraser store in Corporation Street.

Curry's, the electrical retailing chain, has joined the many prime position retailers which have given their shops a face-lift, by announcing a £1m scheme to create a "shop of the future" at its city centre location.

Against this background of increasing competition, secondary sites such as the Bull Ring will be faced with the need to raise standards, but the boom has not been confined to the city centre, and a number of successful suburban retail projects have gone ahead recently.

One of these, a Bryant Properties development at Harborne, has seen the successful letting of five shops to national chains such as Superdrug and McDonalds in a short period of time. Normally, it would have been regarded as likely that at least one unit would have had to be let to a local or regional chain.

This trend has been seen across wide areas of the West Midlands, although the more severely depressed cities such as Coventry have not seen the level of consumer spending achieved elsewhere. Nevertheless, locations such as Kidderminster are seen as potentially attractive to developers.

One developer said that the retail property development market was the best he had ever known in the region, with yields continuing to improve. However, in central Birmingham it is evident that landlords have exercised restraint in the level of rent increases imposed.

At present, rates in prime areas of the city are at around £80 a sq ft, with the best positions achieving £100. But this compares with similar figures being achieved in Oxford, the developer pointed out.

"This is a reflection of the difference between the south of the country and other areas. Oxford has a population which is very small compared with Birmingham, but we expect the differential to increase," he said.

At a recent seminar on shopping policy, held in Birmingham, the whole question of local authority control and influence over retail property development was looked at in detail, with significant results.

Part of the seminar focused on a review by consultants Edward Erdman on the situation in the West Midlands. Its main conclusions were that because of overlapping catchments, and the existence of many small competing shopping centres, the county had much to gain from a shopping strategy.

It added that large, food-based stores were best located in district centres, but added that these should be restricted to 40,000 sq ft in order to restrict non-food sales.

In general, it was recognised that retailers should have the opportunity to introduce new sales methods, but these needed to be placed in a wider community context.

It was established that of the 29 superstores in the area built or approved since 1979, 23 were in or immediately adjoining an established shopping centre. Of the remainder, most were serving new housing areas.

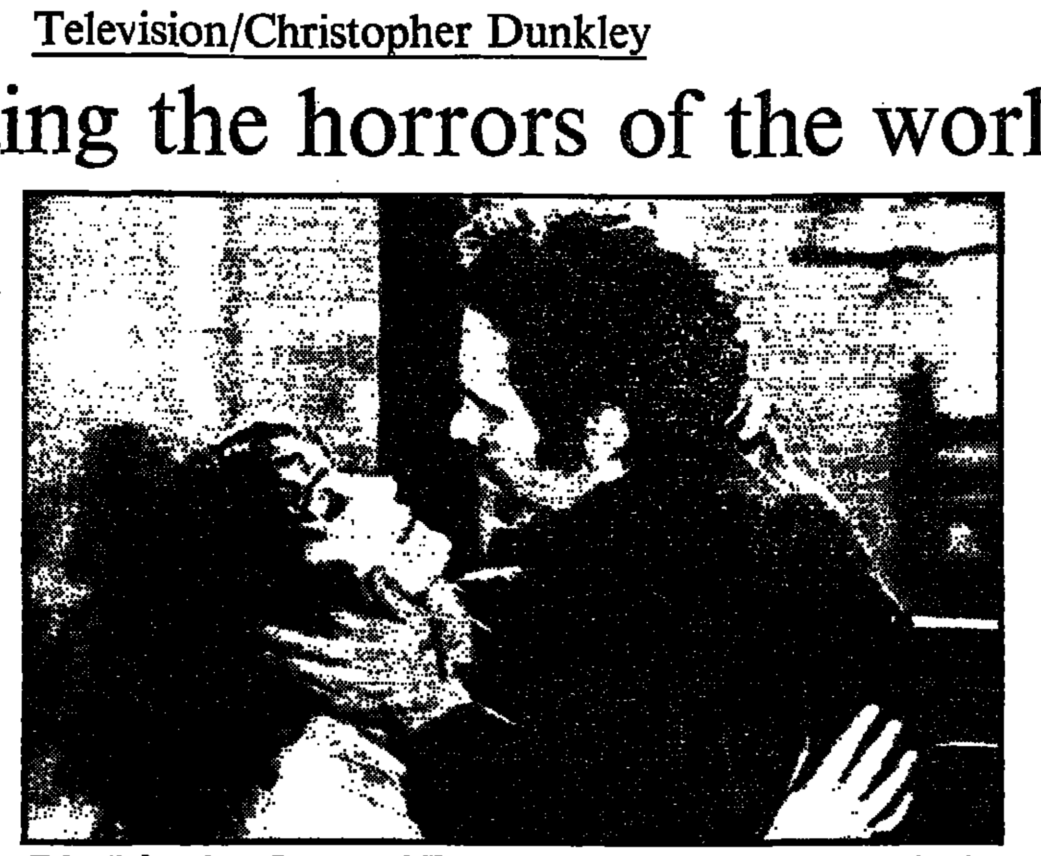
Overall, the general trend in West Midlands retailing is healthier than for decades, according to specialist agents Picton Jones, which pointed out that there is now a shortage of well-positioned small shops.

Mr Picton Jones said it was hoped that this pressure would be considered by planners in the area when applications were made in future.

THE ARTS

Television/Christopher Dunkley

Documenting the horrors of the world



Helen Delavault as Carmen and Howard Hensel as Don José in Peter Brook's "Carmen" which won the Prix Italia prize for music for Channel Four. "Made in Britain," from Central Television, carried off the top drama award

There has never been a time during the last 10 years when a worldwide crisis in documentary programme making was not being proclaimed by somebody. At this year's Prix Italia speaker after speaker went to the rostrum to decry the lack of artistry in documentaries, the lack of optimism, and in the case of one German delegate the sheer lack of documentaries. He claimed that if you compared the numbers of programmes produced throughout Europe in 1965, 1975 and 1985 (using clairvoyance presumably) you found a fearful reduction, though he supplied no figures to support this assertion.

My own feeling at this year's festival as at many others during the last 12 years was that the documentary category was the healthiest of the three, the others being drama and music. The music category which should long ago have been broadened out to include all arts programmes is dogged by the division between performance programmes, music documentaries and "experimental" works, most of them so embarrassingly pretentious that the only people likely to enjoy them are other producers of the same sort of thing.

Drama faces all sorts of difficulties too, notably the drift away from the production of single plays and towards series and mini-series, formats which can only be exhibited at festivals such as this either by showing single episodes or by compression so radical as to alter the work out of all recognition. The Italians themselves entered for the drama category 100 minutes extracted from an excellent six-part series about the war between police and Mafia called *La Piovra*.

Even documentaries tend to be produced in series more often nowadays, yet individual episodes seem better able than drama episodes to stand alone, and anyway the average quality of documentaries appears to me to be both higher and more consistent than the music and drama entries. These tend to vary from the outstandingly good (the BBC's *An Englishman Abroad*) to the outstandingly tedious (Spain's music entry *Domenico Scarlatti* in which the camera stares everlastingly at a harpsichord keyboard as though the director is unaware that cameras can move).

However, one argument about the state of documentaries put forward by György Balo, the Hungarian chairman of the documentary jury (who rejected the "crisis" claims, maintaining that if there was a crisis in documentaries there was a crisis in everything) did seem valid. His view was that 30 years ago when television was young, it was easy to produce documentaries which satisfied viewers; the straightforward process of showing people their own communities, or more remote aspects of their own societies, had novelty value. That was no longer true.

He might have gone on to say that in the hunt for substitute "novelty" documentary producers have turned increasingly to the abnormal: the handicapped, the drug addicts, the insane, the sexually aberrant, and so on. The French, having won the Italia documentary category with a programme about transexuality last year, followed up this year with a subject which is currently all the rage: *L'Inceste: Les Amours Interdites*. This reviewed with remarkable frankness not only father and daughter relationships, but mother and son, father and son, brother and sister, and brother and brother. It conveyed the impression that while father-daughter relationships almost invariably damage the child, some sons who sleep with their mothers rather enjoy the experience and value it later in life.

What Balo actually went on to say was that whereas documentary programmes used to deal with regional or national social difficulties, they were now obliged, thanks to the way the world worked, to deal increasingly with trans-national and even global problems. This is surely true and is one of the reasons why viewers complain about the "pessimism" of documentaries today; the sheer scope of the problems described seems overwhelming.

This year's Swiss entry, *Klaus Barbie, Un Proces Pour Quoi Faire?* set the trial of the alleged Nazi war criminal against the absence of any such prosecutions in the case of the Russian gulag, government torture and assassination in Guatemala, and the holocaust perpetrated by Pol Pot and the Khmer Rouge who are to this day accepted by the UN. Finland's programme *Yömaja* (Night Shelter) was about the homeless, Italy's *Da Villalba a Palermo, Cronache di Mafia* dealt once again with the growing strength of organised crime, ending with the shocking announcement that reporter Giuseppe Fava whom we had been watching throughout the programme was himself assassinated by the Mafia on January 5 this year.

And of course the winning Japanese entry *Nuclear Holocaust* was concerned with the subject which above all others creates fear and anxiety in viewers all over the world. This programme was remarkably (or perhaps not so remarkably) similar in many ways to the BBC's *On The Eighth Day*, detailing both the immediate effects of a nuclear war and the long-term effects of a "nuclear winter." *Its* particular gimmick—showing real high rise flats or a real oil terminal or office block and then somehow making them appear to explode in a blinding flash—became tediously repetitive but it certainly brought an all too horrible realism to the subject. When messages are as bleak as this the tendency of the viewer to spurn the messenger is hardly surprising.

Yet to be fair to television—not something which people are very keen on, not even the broadcasters themselves who gather at the Prix Italia—there *are* optimistic and uplifting documentaries being made, and even competing at this festival. The very title of the entry from CBC Canada, *Something To Celebrate*, suggested its nature and indeed Donald Brittain's account of the lives of eight elderly but extraordinarily resilient people was tremendously heartening. However, the programme did not reach the shortlist.

The other Canadian entry from CTV, *The Life And Times Of Edwin Alonzo Boyd* which reached the shortlist and will almost certainly be seen in Britain, was one of the most strikingly original programmes to arrive at this festival for years. Its originality lies not in some high minded or heavy handed technical experimentation but in a simple and novel idea: the story of a bank robber told from his own point of view. Some complain that the programme glorifies crime, but then there were some in Trieste—notably Scandinavians—who accused the BBC's documentary *Simon's War* of being pro-war even though its account if Simon Weston's 11 major operations would be enough to put most of us off another Falklands episode forever. It is hard to avoid the suspicion that the *Boyd* programme's real sin is to render its subject entertaining.

The most unexpected pleasure among the documentaries was provided by BRT Belgium's programme about *The British Film Institute*, of all things: an admiring 70-minute account of the work of the BFI and the National Film Theatre which told me more than I had ever known about the two institutions (despite being a member of the NFT's advisory committee). After years of British self-denigration it is an odd and encouraging experience to find British organisations being identified abroad as examples worthy of imitation.

There was, finally, one programme which took the creation rather than the destruction of life as its subject and was rewarded, not with the actual Prix Italia, but with the RAI Prize. Since Sweden's *The Miracle Of Life* uses techniques of fibre-optic photography which look very similar to those used by the same producers in 1978 to make *Journey Through The Human Body* this time diving through vaginal caves and up urethral passageways, its claims to originality seem somewhat slim.

However, since the main documentary prize was awarded to a programme gloomily prognosticating the end of all life it was good to see this graphic description of the beginnings of life in among the winners.

Giulini's Brahms/Festival Hall

David Murray

Giulini's concluding Brahms programme with the Philharmonia Orchestra on Monday (repeated yesterday) consisted of the Third and First Symphonies, in that order. Understandable, considering the dramatic power of the First, but still I think the wrong way round; the sober breadth of the Third was diminished — and not merely in retrospect. Given the resplendent performance of the First, hardly anybody minded.

Once the orchestra had played itself in (there were glassy violins at the start, and the clipped phrasing Giulini wanted sounded a trifle stiff), the later symphony was modelled with refinement. Much more flexibly treated than last week's Requiem, it blossomed with careful warmth; the middle sections of the middle movements were darkly luminous. The full sweep of the score wasn't altogether realised, all the same — the golden coda of the Finale hadn't the sense of framing the whole landscape that had passed before.

The C minor Symphony got a classic reading, full-blooded and magnificently expansive. Two or three self-conscious touches — a couple of phrases pulled back hard in the Introduction, the horn-and-solo-violin passage thrust insistently forward — didn't blot the broad line that Giulini drew straight through each successive movement. The burnished sound he achieved was richly satisfying, and quite sumptuous in the Andante, but it never seemed an end in itself. The many subtle thematic links across the symphony were exposed with extraordinary finesse: the combination of penetrating exposition and vital, natural flow was something one rarely hears.

The One O'Clock World

Martin Hoyle

Congratulations to Kilburn's local theatre the Tricycle, on its reprieve from the Arts Council; and on Poppy Mitchell's refurbished foyer—almost disconcertingly fresh and green.

The media types who drift into the radio news production office of Wallace Heim's set are convincingly edgy in their mutual tolerance. They range from affably ineffectual executive (Ian Wallace) to eminent presenter/interviewer (John Burgess, apparently grown sleek on a lifetime of expense account lunches).

The author, Leigh Jackson, provides a slender plot noticeable in Act I and suddenly contrived in Act II. Nicola, golden girl among industrial correspondents, persuades an elusive Trades Union leader to be interviewed. The coincidental eruption of police-picket violence provides the personality-presenter with too good an opportunity to miss. Despite Nicola's assurances, the interview turns savage. The union man walks out; Nicola, disillusioned by her colleagues' journalistic opportunism, resigns. But the play ends with her frantically at her post as news comes in of an atrocity in Beirut. Devotion to work? Or concern for the lover staying in the bombed hotel?

The play sometimes recalls a Forties movie, a Katherine Hepburn vehicle with four-letter words. But Nicholas Kent's direction has a certain authenticity. The programme thanks the BBC for help given to cast and director, and those with the relevant experience will recognise the production team's blear-eyed groping for morning papers in a silence broken by impatient rustling, typing and the occasional nicotine-throttled cough; not to mention the odd feint at carnality on the office carpet — though this may not be what the BBC had in mind.

Despite the storyline's lack of compulsion and the writer's weakness for cliché situations — Nicola pines for a married man and laments a childhood marred by an insufficiently loving mother whom she is now determined to impress — Mr Jackson shows a real grasp of character. He has created at least two complex and contradictory human beings: the young reporter whose gaucherie, all reticently unfinished sentences, masks humour shrewdness and self-knowledge; and Nicola herself — foul-mouthed, hard-boiled, melting into vulnerable radiance or taut with nerves tuned to screaming pitch.

In a strong cast (even the observant secretary is played by Sharon Maiden, recently so good in Doug Lucie's *Progress*) these two roles are beautifully acted. Clive Wood's tentative reporter-turned-writer actually develops and changes; and Jill Baker's immensely stylish Nicola is exasperating, admirable, sexy, repellant and touching in turn. The author can certainly show us people. What he needs now is a strong, original plot to construct round them.

Field Day/Lyric, Belfast

Michael Coveney

Mark Lambert, Des McAleer, Joe Crilly, Ciaran Hinds, Veronica Quilligan, Stephen Rea, Hilary Reynolds, Nuala Hayes and Killian McKenna in "High Time"

The Derry-built Field Day Company, a troupe founded several years ago by Stephen Rea and Brian Friel, both still actively involved, is in Belfast this week with a most interesting double-bill: *The Riot Act* by Tom Paulin, a version of Sophocles' *Antigone*, and *High Time* by Derek Mahon, a version of Molière's *The School for Husbands*.

Both plays are presented on a cool grey sloping stage surrounded on three sides by a muslin scrim. For *The Riot Act*, the company of nine is dressed by designer Brian Vahey in discreetly graduated shades of grey, with Stephen Rea's pin-striped Creon reading his manifesto off little white cards ("I shall be doing a very great deal of listening") against the faint geometrical outlines of the seven arches of Thebes on the scrim.

As George Steiner pointed out in his recent book, *Antigone* is one of the most resonant of all classics at all times, and little tampering is needed in Belfast to point up the richnesses and ironies. In Stephen Rea's production and, especially, Veronica Quilligan's resilient and moving performance as Antigone, you get a powerful sense of a family torn apart by troubles that have festered on for many generations.

Tom Paulin's translation is tough, springy, idiomatic and particularly good at making dramatic capital of the chorus speeches. The chorus leader is Ciaran Hinds, a bearded brooding presence, and the other actors double their roles with choric functions of vocal crescendoes and some smart, if slightly old-fashioned "fringe," groupings.

The landscape of remote stony paths, boulders and vultures is grittily evoked and, what is more, you believe these people inhabit it. When Creon dispatches Antigone to her cave, he says she can pray to the dark mold. Irish patriotism and sectarian loyalties have long been part of the scenery. Antigone offends the rules of internecine conflict by wanting to bury a brother who fought for the other side. And Creon only learns compassion by losing his own son and wife in a chain reaction of guilt and retribution.

The severity and vigilance of Mr Rea's Creon has a comic counterpart in the Molière, where he plays Tom, a crabby actor manager determined to transform his role of Isabel's guardian into one of Isabel's husband. Strict possession proves, as in *Antigone*, a mere nine-tenths of the law. Inflexibility is the tragic flaw of both Creon and Tom.

The School for Husbands (1661) is a little known piece (overshadowed by the following year's longer and better *The School for Wives* on the same theme of trust and betrayal in sexual partnerships) and little translated. It is a sprightly farce culminating in the rich comic prospect of the jealous guardian acting as unwitting go-between to his ward and her lover. Tom (Sganarelle in the original, Molière's own role) has an older brother Archie (Ariste) whom he ridicules for dressing à la mode in a shirt the colour (he says) of a tequila sunrise and for dyeing his ageing locks rust red.

So, the comedy is also about the virtues of slavishness to fashion and, on a stage awash with gaudy costumes, punk hair and instant *liaisons* ("The First Time Ever I Saw Your Face" is one of several nostalgic items on the soundtrack), it is a delight to see that Kilian McKenna—son of the great T.P., incidentally—makes of the trendy suitor Val (Valère), a dead ringer for David Hockney.

Ciaran Hinds's chorus leader is now an MC from the Hell's Angels, Veronica Quiligan the incarcerated Isabel (reversing the Antigone process by escaping to night clubs, a gymnasium, a car ride), and Mark Lambert, the trembling Guard who brings Creon news of Polyneices' unauthorised burial, now a similarly insecure actor of small parts in search of the big one.

The invention of the backstage world is the work of the translator and the directors, Mark Long and Emil Wolk. This latter pair are on loan from the People Show and they unleash in the production a veritable battery of sight gags, scenic jokes and unruly asides which yield, in my estimate, perhaps a 60 per cent return. But this is an exhilarating attempt to marry the purely visual world of the People Show to the textual satire of Molière.

It very nearly comes *off*. This whole project, in fact, is a credit to Field Day, who are to be congratulated on involving two of our best contemporary poets in the theatre (poets tend to be rather snooty about the stage these days). That said, I must admit that I was disappointed in Mr Mahon's continuous recourse to weak rhymes, accompanied by an on-stage executive snigger, in his pentameter-based version of Molière's alexandrines.

Next week Field Day embark on a tour of North and South, ending in Cork in November. This imaginative, bright and fascinating double bill is well worth catching.

Saleroom

Antony Thorncroft

A plain grey greatcoat, reputed to be one owned by Napoleon, failed to find a buyer at Sotheby's yesterday. It was bought in at £8,000, around half way to its top estimate. Although it has a fairly good provenance, and was bought by the Hollywood film director and Napoleonic collector Robert Florey in 1948, there were doubts about its authenticity.

Top price in the arms auction was the £7,150 paid for a rare William and Mary military cap of around 1690. Its top estimate was £2,000. In a ceramics auction a rare London tankard of the second half of the 17th century realised £9,900 and a Bow figure of a tawny owlet, £3,960. At Sotheby's in Chester four George III rectangular entrée dishes and covers by Paul Storr made £9,900, while in Amsterdam a Dutch stipple engraved glass by F. Greenwood of 1745 sold for £30,214.

Next Tuesday's Continental ceramics sale at Sotheby's includes items from the estate of King Umberto II of Italy who died last year. Umberto reigned for just over a year, retiring to Portugal in 1946. A rare Royal Marcolini Meissen chocolate and coffee service, which dates from 1775-80 and had been a gift to the royal family from King Anton I of Saxony, is expected to sell for £15,000. It is still in its original Russian leather and green silk travelling case.

On October 15 an illuminated Qur'an of the 16th century, probably acquired by the Italian royal family in 1946, carries an estimate of around £30,000 while two Polonaise carpets, the most sumptuous products of the 17th-century Persian court and possibly a gift to the House of Savoy by a Safavid king, carry estimates of up to £120,000 and £60,000 respectively.

Silver is to be sold during November with a toilet service with the engraved arms of Savoy estimated at around £40,000. It is probably a marriage gift of 1775.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Sept 28–Oct 4

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Death of a Salesman (Broadhurst): Five weeks has been added to the Dustin Hoffman production, directed by Michael Rudman, to show the star's ability to skip middle age and shuffle on stage like the pathetic little loser Arthur Miller wrote about. Ends Oct 10. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Quilters (Jack Lawrence): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in New York remounted from its modest origins in Denver. (307 5452).

WASHINGTON

Master Class (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the gauze of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254 3670).

Woza Albert! (Kreeger): The jumbo jet arrival of the Lord into Johannesburg is the implausible context in which two remarkable actors, Percy Mtwa and Mbongeni Ngema, reveal what looks like the whole gamut of the sad, funny and pathetic life of South African blacks. Ends Oct 7. Arena Stage (488 3300).

Zorba (Opera House): Anthony Quinn makes the theatrical production, which co-stars Lila Kordova and gets a rousing lift from the bouzouki score by John Kander and Fred Ebb, directed by the film's director, Michael Cacoyannis. Ends Oct 14. Kennedy Center (254 3770).

King Lear (Folger): The 15th anniversary of the replica Globe company starts off ambitiously. Ends Nov 4. (546 4000).

CHICAGO

Candide (Goodman): The first musical produced at the Goodman since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim, John Latouche and Richard Wilber. Ends Oct 28. (443 3810).

Baby With The Bathwater (Remains): Christopher Durang's comedy of the contemporary American family leans to the zany in the local premiere directed by Donald Moffett. Goodman Studio. Ends Oct 21. (433 3800).

The Fifth Sun (Victory Gardens): Nicholas Patricca's new topical drama uses masks and ritual dances to explore the 1980 death of El Salvador archbishop Oscar Arnulfo Romero. Ends Oct 28. (871 3000).

TOKYO

Cats (Cats Theatre): The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1001).

The Cherry Orchard (Imperial Theatre): Chekhov's masterpiece in Japanese directed by Clifford Williams in residence since August. The Toho Company. (213 7221).

Cabaret (Hakuhinkan Theatre). A brief revival by the best performers of Western Theatre. Hakuhinkan Company (of the Japanese version from Thur). (571 1003).

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Wednesday October 3 1984

What the eye doesn't see

THERE IS some danger that, except among the unfortunate shareholders, any possible lessons of the Johnson Matthey affair will quickly be obscured in a fog of self-satisfaction. The shareholders learned unexpectedly on Monday morning that they had lost most of their money; the banking community discovered that some of its interbank deposits were now claims against the Bank of England. The gold fixing and the interbank market proceeded without a visible ripple.

What a contrast, it is tempting to claim, with the handling of banking crises in less enlightened countries, where bale-outs are preceded by months or years of rumour, where credit markets impose penal ratings on many banks not directly involved, and where despite these highly visible warning systems the failure rate is deplorably high. Discretion is, after all, the better part of supervision; in time we may even see some nostalgia for the hidden reserves which were once held to deal with these hidden problems.

Sophisticated

As an exercise in discretion the rescue has, indeed, been beyond admiration; but some uneasiness must surely persist. The obvious questions about the auditing and supervision of this particular case will probably remain unanswered, because under the Banking Act absolute discretion about the details is not merely an ingrained habit in Threadneedle Street, but a legally binding duty. This is itself a source of some unease; for if one bank can vanish out of an apparently blue sky whose blueness has recently been certified by the auditors, just how dependable are the figures from the other 600-odd authorised banks? Only the facts would enable the market to judge how far Johnson Matthey was a special case; instead of judgment, we will have guesswork, which will make it a little harder for all banks to raise new capital —which may or may not be a just result.

What is certainly not unjust is a nagging worry about the whole process of bank auditing. Analysts have felt some unease about this for a long time; and as markets have become more sophisticated, and transactions more rapid, the reasons for unease have grown.

While this particular case seems to have involved a very old-fashioned kind of risk, in which both management and auditors were seemingly slow to realise just how fast good money was being thrown after bad, bankers face many risks of quite new kinds — off-balance sheet exposures to swaps and forward positions, stretching sometimes over many years, contingent risks through interbank transactions, and the like. In highly volatile markets and with high nominal interest rates, such risks can compound with frightening speed; yet the process of auditing is slow, and the valuation of such exposures is an art as much as a science. The Bank of England evidently feels some concern over this problem.

Guidelines

Even assuming that auditors can normally be relied on to uncover all potential problems (which practical bankers would certainly not admit), what is their duty when these problems are uncovered? When too much outspokenness could destroy confidence, this can be a delicate question. Ideally, management should be warned in time to take remedial action before the years's books are closed; this suggests an almost continuous process of audit. Failing that, their duty to shareholders might best be performed by a discreet early warning to the authorities.

However, there remains a broader issue, which will emerge more forcefully as the process of financial conglomeration proceeds. Are purely advisory guidelines enough in modern circumstances? The Bank has already been edging, through its application of different capital requirements to different classes of risk, towards a somewhat more formal system. What it remains reluctant to do is to ally tighter control to greater transparency. Yet so far as tighter control means earlier remedial action, the risks of visibility are reduced; and the market can impose its own disciplines to supplement the official ones where it is informed. We are aware that this is a delicate question; but the Johnson Matthey affair argues for re-opening it rather than turning a complacent back on the issue.

Mr Kinnock's problems

THE LABOUR Party Conference in Blackpool this week is not as bad as it looks. Even on Monday when Mr Arthur Scargill, the mineworkers' president, was cheered to the roof, when the conference roundly condemned the role of the police in industrial disputes, and when Mr Neil Kinnoch, the party leader, was defeated in his attempt to provide the option of a system of one member, one vote in the selection of parliamentary candidates, there were other forces at work.

Mr Eric Hammond of the power workers made a brave speech saying that the resolution in support of the miners was unrealistic in that it made no reference to the fact that some miners were still working, though he was booed for his pains. Mr David Basnett, the leader of the General Municipal and Boilermakers' Union, was booed rather less for appealing to Mr Scargill not to let his members be provoked into violence.

Behind the scenes the shadow cabinet, which is not much heard from in the conference proper, is working to try to turn Labour into a party more equipped to deal with the 1980s. Above all, despite the clashes between the various wings, the party does seem to agree on the need for unity. The question is on what it is to unite.

Resistance

Mr Kinnoch skilfully avoided giving any specific answer in his speech at the conference yesterday, except to stress the necessity, from Labour's point of view, of winning the next general election. It was a highly successful conference performance which contained something for everyone, or at least for everyone in the hall.

The Labour leader denounced violence of the "stone throwers and the battering-ram carriers" on the picket lines, though he balanced it by denouncing police violence as well. He supported resistance to Mrs Thatcher's local government reforms, but insisted that opposition must stay on the side of legality. He was firmly unilateralist on nuclear weapons, but still argues that Britain has an important conventional role to play in Nato.

At one stage he broke newish ground by appearing to accept that there can be no early return to full employment, or not on the old definitions. One of the solutions to present problems, he suggested, was a shorter working year and a shorter working life. He also accepted the inevitability, even desirability, of technological change, though not on Mrs Thatcher's terms. The task of a Labour Government would be to "plan it, civilise it, and harness it," rather than leave it to market forces.

The speech was otherwise distinctly short of substance. Perhaps Mr Kinnock is wise not to make more detailed commitments at this stage. The next general election, after all, will take place in circumstances as yet unforeseeable. At present, he is more concerned with turning Labour back into a more likeable and more national party, and in that he may be partially succeeding.

Interventionist

Yet already a picture of the sort of Government that Mr Kinnock would like to lead is emerging. It would be Left-wing rather than Centrist. It would be committed to unilateralism on nuclear defence. It would seek to slow the pace of change and it would be heavily interventionist. Trade union leaders, if not back in the saddle, would at least regain some influence, and Tory legislation on industrial relations would be mostly repealed.

The Labour leader would not disavow that description yet he has three problems. One is that his analysis of Mrs Thatcher yesterday as an "historical throwback" is wrong. It is Mr Kinnock who is the conservative with a small "c." The second is the way he continues to disregard the emergence of the Alliance as an alternative Opposition. The third is the state of the Labour Party. The Blackpool conference may be better than it looks, but the party has an awfully long way to climb back. Labour's chances of succeeding depend very largely on Mrs Thatcher making a total mess.

THE ECONOMIES OF BLACK AFRICA

How to avert a disaster

By Michael Holman, Africa Correspondent

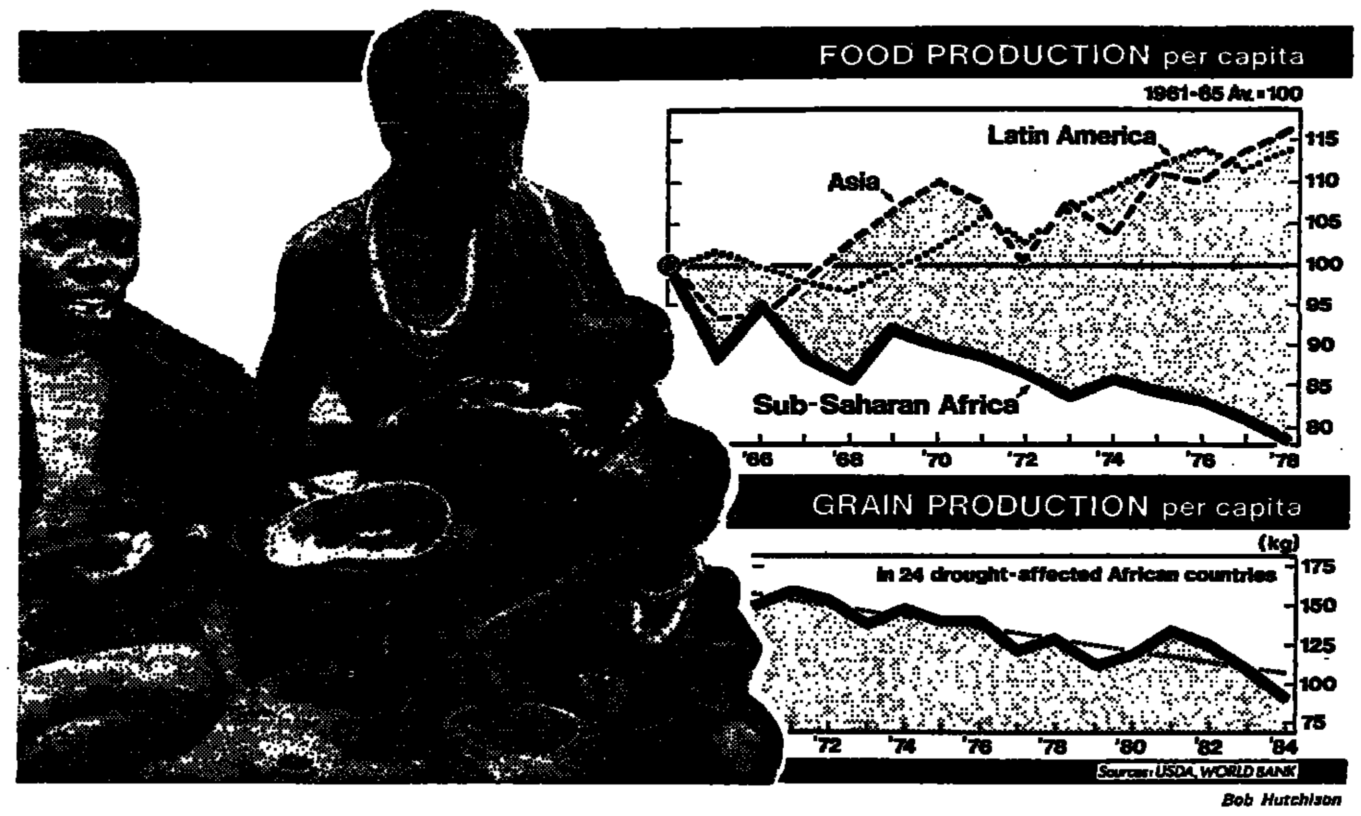
"The spectre of disaster . . . confronts Africa and the international community."

THAT IS the stark warning with which the World Bank's third report on sub-Saharan Africa, published last week, highlights an impending economic catastrophe.

It can be averted, says the bank, but the willingness of African governments to carry out reforms which have political risks must be matched by increased support from donors prepared to set aside scepticism and adapt their lending policies to the continent's needs.

"What is encouraging," says Mr Stanley Please, who led the bank team responsible for the report, "is that the need for reforms is accepted by all parties — African leaders themselves, local institutions such as the African Development Bank and the Economic Commission for Africa, and the donors."

The high hopes with which most of Africa began the era of independence some two decades ago have been dashed. In many countries living standards for much of the population have fallen below colonial levels, and are expected to drop further. Social services cannot keep pace with demand, the infrastructure is deteriorating and unemployment is rising, ultimately posing a threat to political stability.



Bob Hutchison

For Western governments it is a disquieting prospect on grounds of self-interest alone. Existing investment is threatened, sources of raw materials and commodities jeopardised, and security interests—particularly for the U.S.—potentially undermined by the prospect of radical changes in key pro-Western states such as Zaire, Kenya, Somalia and Sudan.

The grim decline can be reversed, the bank believes, provided two broad conditions are met: donors, who need to be more flexible in their aid programmes, must provide at least $2bn a year over and above existing forecast inflows.

For their part, African governments must press ahead with economic reforms, already under way in some countries, or accepted in principle by most others.

The causes of the crisis vary: the impact of the Western recession, higher interest rates, rises in the price of oil, government mismanagement, and weaknesses in donor policies are among the major factors, exacerbated by Africa's worst drought this century.

The effects are being felt across the continent. No government, socialist or capitalist, military or civilian, is immune.

In parts of Mozambique, gripped by drought like many other areas of Africa, rivers are dry and a third of the 12m population faces hunger. In Tanzania, rural water pumps stand idle—spare parts are unavailable for want of foreign exchange.

The number of employees of Ghana's state-owned Cocoa Marketing Board have quadrupled since its inception, while cocoa output has dwindled—an example of shortcomings in public sector companies found elsewhere on the continent.

Kenya's multi-million pound Bura irrigation scheme is a costly monument to the miscalculation of donors who believed that capital investment could transform arid land.

The population rate of increase in Zimbabwe—at 4 per cent, one of the world's highest —is outstripping land resources. Sudan's external debt of $7bn is more than seven times its export earnings last year. Uganda must grow 30 per cent more coffee today to buy a tractor than it did ten years ago.

In an increasing number of countries the governments are unable to generate sufficient revenue to meet the recurrent costs of existing projects. One estimate calculates that as much irrigated land in Africa is lost each year because of lack of maintenance as is brought into use by new investment.

However blame is to be apportioned, the statistics behind the symptoms, set out in the 60-page World Bank report, convey growing human misery.

Of all the major regions in the developing world sub-Saharan Africa—Africa south of the Sahara but excluding South Africa—has had the slowest growth in food production and the fastest growth of population over the past 20 years.

One-fifth of the continent's people are malnourished. One in five of the population is now being fed by food imports, which today provide 20 per cent of the region's cereal needs.

By 1995, forecasts the bank, per capita incomes will have fallen further, leaving between 65 to 80 per cent of the people below the poverty line, compared to around 60 per cent in 1983.

Yet at a time when support is most needed, the bank expects a decline in net capital flows to sub-Saharan Africa from an annual average of $10.8bn in 1980-82 to $5bn in 1985-87. Private net flows have declined from a peak of $3.4bn in 1980 to $1.8bn in 1982.

Meanwhile, Africa has almost exhausted its capacity to borrow its way out of trouble. In the last four years inability to meet debt servicing commitments has forced 23 Paris Club reschedulings by 13 sub-Saharan countries, and a further 11 countries have also restructured their commercial debt.

There may be grounds for hope, in spite of Africa's worst drought this century

Total disbursed public and publicly guaranteed medium and long-term debt at the end of 1982 exceeded $48bn, and debt service payments are expected to increase from $4.1bn in 1981 to an average of $11.6bn a year in 1985-87.

Taking financial arrears into account (mainly on trade) which exceed $8bn, "Africa's debt service outlook is even more dismal," says the bank. "Unless corrective measures are taken the external resource position of sub-Saharan Africa is likely to become disastrous in the next few years."

But for all the gloom, reminiscent of the despair felt about India in the early 1960s, there may be grounds for hope.

Reforms set out in earlier World Bank documents have been increasingly adopted by individual governments in their development plans. These have touched most sectors of the economy, ranging from programmes for population control to better use of existing investment, both domestic and foreign.

State-owned corporations have been encouraged to run on commercial lines (in some countries governments are returning them to the private sector). Exchange rates should be kept flexible, and agricultural pricing policies should provide greater incentives to growers, particularly the smallholder.

Yet while reforms have been adopted in principle, three factors in particular hold up implementation: vested interests in government, business and the state-owned institutions themselves; management weakness; and the reluctance of donors to adjust to Africa's changing needs.

The first is perhaps the most formidable. Food staples have been subsidised and export crop producers underpaid, leading to a deterioration in the rural-urban terms of trade to the benefit of a city elite, including the military and a swollen government bureaucracy.

"The policies reflect the actual political base of most African governments," says Mr Princeton Lyman, U.S. deputy assistant secretary of state for African affairs. "Some of the reforms designed to reverse the deterioration require governments "to take steps that could threaten the political underpinnings of their regimes. The crisis," he points out, "is thus political as well as economic."

Some governments can argue, however, that their policy shortcomings owe less to the need to protect vested interests than to lack of expertise.

That is the perspective of a planner in State House, Dar es Salaam. "Yes," he acknowledges, "perhaps we did get some crop prices wrong. But Western industrialised countries make policy mistakes too. The difference between us is that you have thousands of economics graduates and we have a few hundred. Unlike you, we have no margin for error. When we make a mistake, the man in the street will suffer."

But in Tanzania itself, in Sudan, Ghana, Malawi, Mozambique and other countries there is growing evidence that planners accept that more can be done to combat external factors which have created the crisis, and make better use of existing resources.

One of the most striking examples comes from Kenya, where a working party on government expenditure, chaired by Mr Philip Ndegwa, now governor of the central bank, reached a remarkably frank conclusion.

The country's economic crisis, the working party concluded, had two roots: external events, and "a stronger, but less well perceived root—the proliferation of commercial activities by government, which has diverted scarce management resources away from the central functions of government."

However, in Kenya and elsewhere, progress is slow—in part because governments expect greater donor backing if they are to survive the political risks.

"A growing number of African countries are at a turning point in their willingness to implement major policy reforms," warns the bank report. "Unless external financial support is forthcoming, they may go no further."

Most countries are willing to carry out the reforms, Mr Please believes, "but they lack the resources. The crucial issue today is not commitment, but whether donors will provide the extra backing needed."

It is the donor role which provides the third critical factor for Africa's economic prospects. "Reforms in donor policies must match reforms of domestic policies in Africa," says Mr Please.

The Bank report says that donor co-ordination is often weak. Commercial or strategic considerations sometimes outweigh the development priorities of the recipient country. And major infrastructural projects have often taken up aid allocations which could be better spent on the maintenance or rehabilitation of existing facilities.

"A good deal of the pressure (on African governments) to undertake new investment or continue with low priority projects," notes the bank, "derives from the inflexibility of foreign donors. The more the programme is externally financed, the harder it is to maintain national control over priorities."

What then can be done? The bank urges donors to change their approach—while at the same time linking aid to domestic reform. Greater technical assistance should be provided in some key areas—management of external public debt, and public enterprises, for example.

Donor support should also be readily available for education, health and environment programmes—which have tended to take second place to large-scale projects.

Countries carrying out major programmes of structural adjustment should have their debt servicing problems treated more sympathetically: "Multi-year debt relief and longer grace periods should be part of the (donor) package," says the bank.

Mr Please says that, when African government ministers met the major donors to discuss the report in Washington last month, there was broad acceptance of its message. "What remains to be seen is whether the two parties will put it into practice."

Men and Matters

One campaign deserves another

Local authorities have been taking a breather lately from their sustained advertising campaign against various bits of contentious government legislation. But we can expect the councils to come back with a splash—and the government too.

The GLC alone has spent more than £3m already this year on campaign advertising, and has a total anti-abolition budget of around £11m. Now a campaign by the London Labour councils, which make up the Association of London Authorities, is about to be launched by advertising agents Delaney and Delaney.

That campaign, funded by taxpayers through their rates and taxes, will explain the deleterious effects on local services of rate capping, due to take effect next spring.

The Inner London Education Authority, one of the authorities to be rate-capped, is also about to splurge more ratepayers money to highlight the "scars" which will be inflicted on the education service as a result.

Meanwhile, the government—which has long complained about the councils' spending on advertising—has decided that if it cannot beat them it must join them.

The government is now launching its own advertising campaign to counter the local authorities.

Stand by for full and half-page advertisements in a national press campaign before next week's Tory Party conference, in defence of guess what? Rate capping!

"So much for TV advertising —our senior partner has been lured away to start a film career."

Cabinet person

A new German word came into existence yesterday, it is "Bundersrätin," which means a female member of the Swiss cabinet. Elisabeth Kopp, doctor of laws and member of parliament became the first-ever woman in the 136 years of the governing federal council.

Her appointment, by a tight absolute majority in a joint session of both houses, comes 13 years after women finally won the right to vote and be voted for in Swiss federal elections.

"The time was ripe for a woman to be elected," said Bruno Hunziker, chairman (or perhaps I should now say chairperson) of the Radical Democratic Party (FDP).

Dr Kopp does not look like a tough politician. She seems much younger than her 48 years, is one of the relatively few "environmentalists" in her business-oriented party, and has, for the past 10 years, been mayor of the upper-middle class lakeside village of Zumikon. Her father, incidentally, is the former Swiss national bank director-general Max W. Iklé.

Mild she may look, but she showed her mettle during the campaign for election during which there was some mud slinging aimed at her lawyer husband, Hans W. Kopp.

The new federal councillor—she succeeds justice minister Dr Rudolf Friedrich—went out of her way to thank her family for the "many sacrifices" of the pre-election period.

The real milestone for her though, will be in a few years' time when Kopp's seniority takes her to an office for which another word will have to be invented, that of "Bundespräsidentin."

Fast horses . . .

Investors in London may shortly be given the chance of taking a flutter on the breeding values of some of the more expensive horse flesh in the world.

The opportunity has been available to U.S. punters for the past year, since Spendthrift, one of the three top Kentucky breeders, floated some of its shares.

Now Spendthrift's top management has been in London talking about the possibility of a further offer in Britain.

Spendthrift itself boasts a pedigree that some of its own horses would be proud to claim. It has built up its reputation by dealing only at the top end of the market—it manages Seattle Slew and Affirmed, two of the three living Triple Crown winners in the U.S.

The big bloodstock owners beat a path to its door. Earlier this year Sheikh Mohammed al Maktoum, one of the four sons of the ruler of Dubai, stumped up a record $3.8m for a Seattle Slew filly.

Spendthrift admits, however, that the U.S. investing public has not been over-enthusiastic about being given a chance to buy into the arcane world of the super-rich bloodstock punters.

The shares, issued a year ago at $12, are now languishing at around $7. The company's explanation is that the U.S. public simply does not understand a business whose prospects are all in growth rather than in immediate earnings—sales prices of the top thoroughbreds have been rising at about 20 per cent a year for the past 20 years.

However, Spendthrift thinks Britain's sophisticated horse racing public may have a less okered view of this type of investment.

Taking stock

The Vancouver stock exchange knows a thing or two about risky rides on new ventures.

Two of its leading lights, Don Hudson, president, and Peter Brown, a leading Vancouver broker and former chairman, were telling me yesterday that 1,300 of the 1,600 companies on its list are "junior companies" starting out in life. Vancouver is adding to this busy junior school at the rate of a company a day.

Hudson and Brown are spearheading a campaign to rid Vancouver of its image of being a Wild Frontier stock market. "Our junior companies are now surrounded by regulations," claims Hudson. "We are very, very hard on them and make them report monthly how they are using their money."

The new Vancouver image is apparently going down well in London. Brown says that British investment is the fastest-growing segment of the Vancouver stock market.

This, he attributes to the British worldly-wise attitude towards international investment: "The British are some of the best risk-takers in the world. They are more decisive, more knowledgeable, and more adventurous than any other country."

On Vancouver's past record a sense of adventure would seem to be no bad thing.

Mergers

Card in the window of a New York pet shop: "Good homes wanted for holiday-romance puppies: 3 Retreagles, 1 Aberdachs."

Observer

Restructuring Renault

Swiftly but softly comes the upheaval

By Paul Betts in Paris

"I DON'T know if its D-Day or not, but it's a hell of a long day," said M Bernard Hanon, chairman of the French state-owned Renault car group, as he stretched back in his chair yesterday in his office overlooking the Seine. In the lobby of the Renault silver box building, even a Soviet television crew had turned up hoping to film M Hanon's meeting with M Andre Sainjon, leader of the pro-Communist CGT metalworkers' union.

He was due to confirm later that Renault had lost FFr 3.6bn in the first half of this year compared with FFr 1.6bn for the whole of last year. He was also expected to unveil the group's formula for tackling its labour problems.

These have been at the centre of a mounting political battle during the past days which have seen the Communist Party and the leadership of the pro-Communist CGT union seeking to turn Renault into the first big challenge to the socialist government's economic policies since the Communists abandoned the French left-wing ruling coalition last July.

Renault's response is as important in its own way to the future of the world car industry as that of GM (see this page, Monday). M Hanon eschews compulsory redundancies as a way out of the company's crisis. Instead he has prepared an ambitious plan to rebuild Renault in partnership with workers and unions. "Unless we do this there is no hope for the car industry in Europe or France," he said.

This is why—against the background of disputes at several plants—M Hanon chose this week to outline clearly his new wage and employment policies. Indeed the tall, normally retiring chairman of the French car group took virtually everyone by surprise yesterday by announcing no compulsory redundancies at the group after months of rumours of 15,000 or more layoffs between now and Christmas.

For Renault, the stakes are high. The company has just launched its new "superfive" mini, and it is in the process of completing the renewal of its range in an attempt to recapture the lead in the European car market which it lost this year. It is also seeking to cut fixed and variable costs and improve productivity with the aim of returning to the black by 1986.

To achieve this, M Hanon said it was clear that the car industry would have to reduce jobs. Renault's target, he added, was to achieve productivity gains of 7 per cent a year by 1987. "If we want to be at the top level of production, this is a must and we can make no concessions on this," the Renault chairman emphasised.

But in sharp contrast with the private French Peugeot group, which has been engaged in a long battle with the unions over big redundancies, M. Hanon is adopting a conciliatory "soft" approach to the issue. "Soft and swift," he adds.

M Hanon's proposals to be negotiated with the unions and the group's 102,000 employees are in the progressive labour tradition of a company that has not made a single compulsory redundancy in more than 20 years. That is not to say that Renault has not been reducing its workforce. "We will have cut our workforce by 10,000 people this year without any fuss or noise," M Hanon remarked, explaining that the company sought to reduce jobs through early retirement, repatriation aids for immigrants, and other means.

Renault's plan is centred on a major programme of training and employee relocation which will affect "thousands of people" at all levels of the group's hierarchy, M Hanon said. A special team of managers will be responsible for this programme on a full time basis, defining, in M Hanon's words, "the jobs, professions, skill required in the automobile business." This process of new job definition and retraining will take 18 to 24 months. After this stage is completed, the same team will begin, M Hanon said, "to re-inject people in the automotive division or in other parts of the group." If there was at that stage no job for them, opportunities would be sought outside the group.

Training and mobility are the key elements of M. Hanon's labour solutions at Renault. "My objective today is not to sack people," he said. M. Hanon added he could not say how much excess labour there was at Renault. "The answer is that nobody knows. It is pointless to say a figure. We know we have to reduce people."

From a tactical point, M. Hanon's proposals are likely to take much of the fire out of the Communist and militant CGT attack against Renault and the socialist government. "If they prove successful, they would also represent a feather in the cap of M. Laurent Fabius' government which has sought—so far with little success—to tackle unemployment at the same time as modernising and restructuring industry.

Mr Hanon: policies outlined

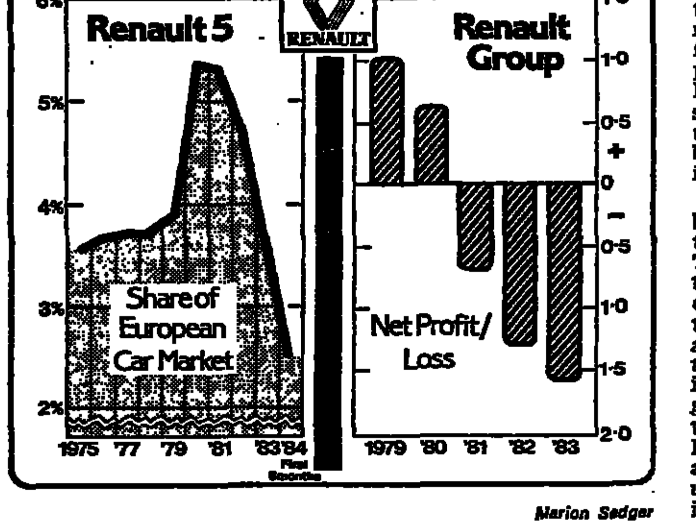
Indeed, despite the sabre rattling of Communist and CGT leaders in the past days, fears that the rank-and-file might not want to push a conflict at Renault too far have exerted a restraining hand on the militancy of the Communist leadership. At the factories, the prevailing impression has been of workers seeking to avoid what could prove a highly damaging conflict for the group just as it is launching the new superfive mini.

But Renault and M Hanon will have to deliver results. Although Renault is losing money both in its trucks and car division this year (in the past, the car division was profitable), it should be over the worst of its cycle by the end of this year. Half year losses totalled FFr 3.6bn but international car operations were profitable. M Hanon said the situation at traditionally heavily loss-making truck division was beginning to improve.

However, he acknowledges the group will continue to have heavy cash needs. It is negotiating an increase in its capital endowment grant from the Government, it is planning to launch a second issue of so-called "Tritres participatifs" or non-voting loan stock which nationalised industries can float to raise fresh funds, and, M Hanon said: "We are going to borrow money in 1984-85."

But Renault is unlikely to receive any free handouts from the French Government at a time of continuing budgetary restraint. In an interview with the Financial Times last week, MMe Edith Cresson, the French industrial redeployment and trade minister, said the government intended to remain "very firm" on its restructuring policies for troubled sectors like the car indsutry and the shipyards. She added there was unlikely to be additional budgetary aid "because there is none."

The next few weeks will now be crucial for Renault and for the government's credibility. The Communists and the militant leadership of the CGT has clearly not lost all hope of turning the Renault conflict into a symbolic confrontation against the government's economic and industrial policies. For the government it will be a test of the left's ability to maintain labour peace. It will also be a test of its ability to pursue unpopular industrial restructuring and modernisation policies.



Marion Sedger

The dollar's strength

What foreign exchanges are telling the Fed

By Ronald McKinnon

PROFESSOR Alan Meltzer, in his article "Cures that are worse than the disease" (FT, August 22), makes the standard monetarist case for freely floating exchange rates. Like most American academic economists, Prof Meltzer is not swayed by the great volatility of the dollar or by its current extraordinary overvaluation against European currencies.

He believes that direct official intervention in the foreign exchanges is unwarranted—and would oppose adjusting U.S. monetary policy to better align the dollar exchange rate.

Mr Donald Regan, the U.S. Treasury Secretary, shares the same opinion. To justify his complete lack of support for the Bundesbank's recent massive sales of dollars to prop up a falling Deutsche mark, Mr Regan reiterated the American Government's hands off policy saying: "I do not want to drive the dollar down; I don't think it can be done. If you want to see a different exchange rate, you have to change the fundamentals." (New York Times, September 25.)

Official exchange intervention is indeed likely to be futile unless the fundamentals change. Yet Mr Regan's Government controls the most immediately important "fundamental": American monetary policy.

Suppose that the Federal Reserve increases American money growth substantially above its norm, while the Bundesbank reduces money growth in Germany. Short-term interest rates will fall in New York and rise in Frankfurt. International portfolio preferences will shift in favour of interest-bearing DM assets. Before either country feels any domestic inflationary or deflationary pressure, the dollar will rather quickly be driven down against the Mark.

To secure more appropriate exchange rates of, say DM 2.1 to the dollar (a one-third reduction), how much mutual monetary adjustment would be necessary? Quite a lot, if intense private pressure in favour of the dollar continues because international investors don't quite know the intentions of the monetary authorities.

Expectations are all-important. Suppose the Fed and the Bundesbank publicly announce a new policy of monetary co-operation. Private traders become convinced that domestic money supplies will eventually be adjusted to keep the exchange rate within DM 2.0 to DM 2.2 to the dollar. Then little actual monetary adjustment would be necessary to induce the exchange rate to move to its new level!

But would this international co-ordination of monetary policies benefit the industrial countries in general, and the U.S. in particular? Keying American monetary policy on the dollar exchange rate is important for preserving free trade. Nobody doubts that the rapid increase and sustained over-valuation of the dollar since 1981 has greatly magnified protectionist pressure in the U.S.

Yet the Fed's Board of Governors must be convinced that U.S. domestic interests would not be sacrificed. Indeed, Professor Meltzer's main criticism of my proposal* for international monetary co-ordination is that domestic financial stability would be undermined.

The U.S. cycles of boom and bust can be ameliorated

Our experience of floating exchange rates suggests just the opposite. Over the past dozen years, international pressure for or against the dollar has been an excellent leading indicator of future inflation or deflation within the American economy. Each of the two great price inflations of the 1970s was preceded by a substantial fall in the dollar in the foreign exchanges, while the depression of 1982 was signalled by the sharp dollar appreciation in 1981. Had the Fed tightened up when the dollar started to fall and loosened up when the dollar became unduly strong, the cycle of boom and bust in the American economy would have been ameliorated.

What are the foreign exchanges telling the Fed this autumn? The remarkable strength of the dollar against hard foreign currencies suggests that the effective demand — both international and domestic — for American based money has increased. But the Fed has not responded by increasing American money growth; M1 has grown a normal 5-6 per cent for the past year, with some inexplicable slowdown evidenced in the past three months. Thus the Fed is (inadvertently) imposing tight money on the American economy even as the dollar becomes more misaligned in the foreign exchanges.

This impression of an unduly tight money is heightened by noting that M1 growth in Germany was only 1.4 per cent from July 1983 to July 1984, whereas M1 growth in Japan (normally a very high growth economy) was only 2.8 per cent. Both countries have kept their money growth rates low to prevent their currencies from depreciating even further and provoking more protectionist sentiment in the U.S.

Thus, with low money growth abroad, an overvalued dollar, and no significant inflationary pressure in worldwide commodity markets, the Fed by doing nothing is risking a needless economic downturn in 1985 in the American economy. Just to compensate for the current surge in the demand for dollar assets, the Fed needs to significantly expand the U.S. money supply. As long as the dollar remains so incredibly overvalued, price inflation in the U.S. cannot happen unless the American Government turns completely protectionist.

Prof Meltzer correctly recognises that my plan, under present circumstances, calls for a more expansionary policy by the Fed coupled with relatively slow money growth in Germany and Japan. But he thinks that the result would be perverse because American economic growth has been the more robust. Prof Meltzer does not realise that (1) Germany and Japan have already been forced to slow their money growth, and (2) only the strong currency country—the U.S.—has the option of expanding without throwing exchange rates even further out of alignment.

*The author is Professor of Economics at Stanford University, California. He has this year published "An International Standard for Monetary Stabilisation," Institute for International Economics, Washington (distributed by the MIT Press).

Letters to the Editor

Private jobs for civil servants

From Mr R. W. Earwicker.

Sir,—Your editorial (September 21) on private jobs for public servants failed to ask the question of why a growing number of serving senior civil servants should be attracted to the private sector. Could it be that pay and promotion prospects in the Civil Service are now so bad that even the best are finding it difficult to achieve any sense of fulfilment?

Working for the community and accepting the responsibilities that go with it are conditions that most public servants willingly accept but it can be hardly surprising that many are now turning to the private sector when they see how such service is rewarded. The days when job-security, job-satisfaction and increasingly less exceptional pensions offered any form of compensation are going. The steady stream at all levels to the private sector unless suitable remedial measures are taken. If measures are not taken to maintain at least some semblance of balance not only will standards of service continue to fall but the very impropriety we seek to guard against could well become a firm reality.

R. W. Earwicker,
Branch Chairman,
Society of Civil and Public Servants,
Ashdown House Branch,
Ashdown House,
123 Victoria Street, SW1.

Bankruptcy and the banks

From Mr Martin Hodson.

Sir,—I do not know whether I owe Mr Newhouse an apology for not making my point sufficiently clear, or whether he owes me one for not understanding it.

My suggestion is that the courts should have a discretionary power to stay a receivership and ultimately to make an order that some or all of the company's borrowings be converted to equity. I did not intend to exclude the possibility of redeemable preference capital. I did intend to convey the idea that those presiding over a receivership ought to be answerable on oath to a class of shareholders who stand to lose millions.

Mr Newhouse does not tell us whether his experience was gained as predator or prey in receiverships. Two points have eluded him in his journey: only debentureholders or their equivalent have legal power to appoint a receiver, and in most cases this means the banks. Secondly, in France and Germany, banks frequently take equity stakes in companies, often converted from debt, and are still able to satisfy their central banks on liquidity ratios.

Martin Hodson,
Managing Director,
Antrim Financial Services,
Warnford Court,
Throgmorton Street, EC2.

Credit for the exporter

From Mr S. Finnegan

Sir,—C. P. Francis, of BMM Weston, Faversham, Kent, highlights in his letter of 25th September a problem which unfortunately appears to be not uncommon to other E.C.G.D. policyholders. He asks what can be done.

I would suggest the first move is for Mr Francis to appoint a registered insurance broker, with experience in the field of export credit insurance, to act for his company. That broker then can:

(a) Negotiate with E.C.G.D. on his company's behalf, thus reducing the administrative involvement of Mr Francis and his staff.

(b) Advise Mr Francis on alternatives to using E.C.G.D. There is an increasingly expanding private market for both credit insurance and political risks insurance. It is estimated that private insurers now cover roughly $35 billion of investments and contracts against political risks.

Certain brokers are well aware of the problems facing exporters when dealing with export credit insurance, and encourage the widening of the potential market, which can only be of benefit to the exporter. At the same time, one should recognise the important role played by E.C.G.D., and seek to support them as a market where they are giving their client what he wants, and that includes service.

S. Finnegan,
Elms Farm,
Hartwell,
Northants.

Jury's role in the legal system

From Miss N. M. Turl

Sir,—I strongly disagree with Ms Hampton's assumptions expressed in her article of September 27. The jury is not a historical anachronism that has no relevance for today. It is the basis of the public confidence in the reliability and impartiality of the legal system. It is right that jury members take their public duty very seriously, the man placed in their charge is entitled to the protection and true judgement of his peers.

I would suggest that Ms Hampton takes her responsibilities as a lawyer more seriously before she brings the legal system into further disrepute. "Bold innovation" can often be blind ignorance; do we really want to replace the personality of the jury with yet more trained professionalism? I think not.

I hope that Ms Hampton and her academic colleagues wake up to the damage that their criticism causes. We have seen the values and thinking of the Church being undermined by radical theologians, let us hope that the Law will not be made to look such a fool by its own members. It is good for the non-professional to be involved in the Administration of Justice. Long may it be so.

Naomi Turl,
8 Thirlmere Road,
London SW16

Flexibility needed in economic policies

From Mr K. T. H. Graves

Sir,—May I congratulate Mr Sydney Shenton (September 26) on his excellent letter concerning alternative policies.

Recovery requires increased expenditure. It would be foolish to rely on cuts in money wages in order to clear the labour market. Though, as Mr Callaghan said, we cannot these days spend our way to prosperity, we could be doing a lot better than we are. Notwithstanding fears of resulting inflation there are surely many things we could be doing — on the infrastructure and in the quality of life for example. As Mr Shenton says, there is a case for distinguishing spending on capital items from that for current purposes. There is still a distinction to be made between "reproductive debt" and other debt.

In any case are we not (despite some relaxations) making something of a fetish of the PSBR? This is not the result of profligate expenditure. In any case it is bound to be higher during times of high unemployment, because of the smaller revenue inflow and the larger payments out on social security benefits. The PSBR anyway is only a small percentage of total government revenue and an even smaller percentage of the GDP. Allowing for inflation, what is it? If we are afraid of "crowding out" the private sector, where is the evidence of "crowding in"?

Emphasis must now be shifted from the control of inflation to the reduction of unemployment. The so-called Neo-Keynesians would advocate this — but they would admit that the forces so generated might have to be tempered with import controls and some kind of incomes policy. Hitherto demand management has been thwarted by continued inflationary expectations and it is imperative that such expectations be reduced. If they could be, then monetary and fiscal policies could be employed in order to expand the economy without the fear that the extra activity would express itself in higher prices rather than in higher output.

Up to now however we have failed to get inflation down without an unacceptable loss in output. We are curing the disease (if indeed we are) only by killing the patient. We will (unfortunately) wait a very long time for supply side economics to work — but in the meantime we cannot afford dogmatically to cling to any one set of measures or any one policy instrument. What is always required is a set of policies to suit the circumstances—and such policies ought assuredly to include discretionary action.

K. T. H. Graves.
187, Pensby Road,
Heswall, Wirral

TV and the right of reply

From Mr John Guinery

Sir,—In his letter to you (September 22), "TV and the right of reply," Mr Nicholas Mendes says that "Britain's biggest house-builder blames adverse television comment for a 30 per cent drop in profits," and then suggests that there is no body for broadcasting, such as the Press Council for newspapers, to look into questions of fair play.

May I set the facts straight? The company in question was given a preview of the programme broadcast in June, and invited to take part. They declined to take part but a statement from them was read out in full at the end of the programme. They could also have approached Channel 4's "Right to Reply" in the same week, but did not do so.

And there is in fact a body in broadcasting comparable with the Press Council — but statutory and quite independent of the IBA and the BBC. Barratts has lodged a complaint with the Statutory Broadcasting Complaints Commission which is now being considered.

John Guinery,
Head of News and Briefing,
Independent Broadcasting Authority,
70 Brompton Road, SW3.

FINANCIAL TIMES
Wednesday October 3 1984

Peter Montagnon examines Latin America's new problem borrower

Peru's debts appear intractable

THE FLURRY of good news on Latin America's debts at last week's International Monetary Fund annual meeting masked the fact that efforts to resolve the difficulties of one large borrower have now come badly unstuck. While Venezuela announced a new $20.75bn rescheduling pact with its creditors and Argentina finally settled its differences with ther IMF itself, little progress was made towards setting Peru's rescue programme back on the rails.

Bankers attending the meeting had hoped the presence in Washington of Sr José Benavides Múñoz, Peru's Finance Minister, might lead to a new meeting of the advisory committee of leading creditors, which is chaired by Citibank. However, Sr Benavides Múñoz returned to Lima leaving the pressing questions of interest unpaid since last July and the still unsigned $2.6bn rescheduling pact for 1984-85 no more advanced than they were when the meeting started.

Creditor banks are slowly becoming resigned to the prospect that in Peru they have a truly intractable issue that might take months to resolve.

At the core of Peru's difficulties is its failure to stick by the terms of its IMF adjustment programme. Peru's budget deficit for this year is now projected to reach between 8 and 9 per cent of gross domestic product, double the 4.1 per cent level allowed for in the progamme. As a result, Peru is no longer able to draw on its SDR 250m ($248m) loan agreement with the IMF.

Peru's programme has gone so badly awry that many bankers believe it will be necessary for President Fernando Belaúnde to negotiate a completely new one before outstanding differences with bank creditors can be resolved.

That is no easy task, with the Government under severe pressure from the left-wing "Shining Path" guerrilla movement and badly needing to revitalise an economy the output of which fell by 12 per cent last year, the steepest decline registered by any country in Latin America.

It is a mark of President Belaúnde's ambivalence towards his international creditors that he decided last month to drop Sr Rodrigo Cepeda, a lively young banker, as head of Peru's External Debt Committee amid accusations in Lima that he was taking too soft a line with the banks. Bank creditors themselves complained that Sr Cepeda was being too tough.

For the banks, the most crucial issue is to persuade Peru to resume payments of interest on its $13bn foreign debt.

Peru has about $950m in foreign exchange reserves they say, and could easily make good arrears to the banks now thought to exceed $100m. Until now, Peru has argued that its central bank would have to lend state-sector borrowers the domestic currency needed to buy the foreign exchange required to pay such interest. The domestic loans would swell Peru's money supply and put it even further from its IMF economic targets.

Here, an unusual piece of double-take creeps into the bankers' argument. They retort that there is now no need to worry about IMF targets, as the programme has already foundered. So long as Peru has no effective programme with the IMF, it does not matter if the money supply grows more than planned. That should mean the interest can be paid. So far, Peru has resisted such pressures to settle with its bankers through the back door.

What Peru wants first is a disbursement of the $100m in loans promised by the banks last year but not so far paid out. Bankers say that money will be paid only when Peru settles its interest arrears, and even then there is little chance of all 300 creditors' agreeing to the disbursement without an economic programme in place that the IMF has endorsed.

The chicken-and-egg situation has now become a nightmare to those bankers intimately involved in trying to settle Peru's difficulties but in a wider context it is seen as little more than a blemish on a progress record in Latin America that has been especially good in recent weeks.

Peru ranks as a medium-sized debtor in Latin America, but its total borrowings are not so large that a default would threaten any single bank. Its difficulties are therefore not regarded as an urgent distraction from the more important task of coming to terms with each of the four largest debtors – Mexico, Argentina, Brazil and Venezuela – on a case-by-case basis.

As long as those countries can be persuaded to toe the line there seems to be little prospect of Peru's difficulties' spilling over to other countries, fanning political opposition to the demands of the IMF and creditor banks.

President Belaúnde held talks with President Ronald Reagan in Washington last week, but, on the advice of Treasury Secretary Donald Regan, the U.S. Administration is taking a tough and orthodox line that an IMF programme must come first. That is a matter of principle, which is, for the time being, more important than foreign policy considerations that might dictate official support for President Belaúnde.

Brazil rescheduling hopes fade, Page 4; capital markets, Page 40

U.S. group may help Nicholas Kiwi to repel bids

By Terry Povey in London

CONSOLIDATED FOODS of the U.S. appeared yesterday to be coming forward as a "white knight" to protect Nicholas Kiwi of Australia from a pair of unwelcome takeover bids, including one of £228m ($282m) from Reckitt & Colman of the UK.

Consolidated announced that it had bought 5.5 per cent of Nicholas Kiwi on the market. The Chicago-based foods, beverages and personal products company said talks with Nicholas were continuing.

The Australian company, which manufactures non-prescription medicines, shoe polish and various personal and household products, said on Friday that talks with a non-Australian concern "had reached an advanced stage and would result in direct benefits to shareholders at least comparable with the Reckitt offer."

According to brokers, the lines of those discussions have been that Consolidated and Nicholas would set up a joint venture into which the Australian company would inject its overseas operations and the U.S. company would put finance. A figure of A$220m ($183m) has been mentioned. Of the Australian group's sales in the last financial year, 80 per cent were outside the Pacific region.

The "direct benefit to shareholders" is understood to be a plan to disburse some of Consolidated's contribution to the joint venture in the form of a special payment to shareholders of Nicholas Kiwi. If that were paid as a "capital repayment" it might be tax-free, one broker said.

Mr Michael Colman, finance director of Reckitt & Colman, said that reports of a "white knight" deal between Consolidated and Nicholas were only speculation.

"We have made our intentions clear with a cash or a share-plus-cash offer of the equivalent of A$4.60 a share and this is the best proposition so far put to Nicholas Kiwi's shareholders."

Mr Colman added: "Nicholas Kiwi have never hidden from us that an alternative approach existed, but there is no suggestion reaching us that its board will do other than look at each proposition to find the best deal available for shareholders."

An Australian broker commented that any move by Consolidated to buy a large stake in Nicholas Kiwi directly would have to be approved by the country's Foreign Investment Review Board, whereas a scheme involving only its overseas operations would be far simpler to execute.

It would further leave the existing shareholders in control over both the Australian end of their current operation and with a substantial portion of a fairly widespread international one.

For Consolidated, which had sales of $7bn in the year to June, the deal would offer attractive diversification outside the U.S. market. Currently almost all of it sales are in North America (83 per cent of the total) and Europe (16 per cent).

THE LEX COLUMN

W. German bonds on their marks

The most remarkable aspect of the dollar's rise last month was surely its failure to dampen the market in D-Mark bonds. While the tide seemed to be running all the dollar's way on the foreign exchanges, so that yields on domestic West German bonds should by rights have been rising to offset currency losses, the yield on ten-year paper was actually dropping towards an unlikely 7.5 per cent. Not only that, but bond turnover on the Frankfurt bourse in September was running some 8 per cent higher than the previous record level.

Paradoxical as this discrepancy may seem, the bond market rally has had plenty of local logic behind it. An inflation rate down to 1.7 per cent has clearly been no hindrance, since it has permitted real yields to domestic lenders of around 5½ per cent a couple of hundred basis points more than they have historically been accustomed to. From that viewpoint, the much higher nominal yields on U.S. bonds have looked ever more vulnerable to currency risk; the faster the dollar rose against the D-Mark, the less attractive would dollar bonds appear to the risk-averse German investor.

The market has also taken encouragement from the prospect that West Germany's 25 per cent withholding tax might be removed, a decision which is expected from today's Cabinet meeting. This expectation has not only helped to pull down the absolute level of domestic yields but eroded the advantage previously enjoyed by issuers of Euro-DM bonds.

The tax change has indeed been so fully discounted over the last two or three months that its non-appearance would have a noticeably adverse impact on the market. Apart from an upset on this score, it is hard to find any immediate sign of weakness; the money supply has been well within target, the current account is in surplus, thanks largely to dollar strength, and government funding is supposed to be on a declining path.

Johnson Matthey

The Johnson Matthey which arrived on the Stock Exchange floor yesterday morning was a thoroughly different proposition, both in size and character, from the investment which had been cheerfully traded last week. The market was, in effect, invited to value a new issue without either the benefit of a prospectus or the support of an underwriting group. Given the number of questions which remain unanswered in this sorry affair, that task was accomplished with remarkable efficiency.

It would be unrealistic at this stage to attempt a precise valuation of the new-look Johnson Matthey. The past experience of Gill & Duffus and Guinness Peat – companies with striking similarities to JM – has shown how difficult it is to confine problems to one section of a diversified trading group, once a rot has set in. And even before last weekend's developments, JM's disastrous involvement with the U.S. jewellery business was not exactly inspiring confidence in the quality of management controls.

At the very least, the amputation of the banking divisions is bound to have implications for the credit rating and management incentive of the rest of the group. So the market was right yesterday to err strongly on the side of caution. The closing price of 98p represented a discount of 23 per cent to fully diluted net assets, compared with a discount of 9 per cent at the suspension price on Monday morning.

To value the equity on either an earnings or a yield basis is no easy matter. But, assuming the complete elimination of the banking group, a higher interest charge to offset the absence of last year's jewellery losses, the conversion of Charter's preference stock and a flat performance from the rump of the group, Johnson Matthey might make £27m ($33.5m) pre-tax. After a 25 per cent tax charge, that leaves fully-diluted earnings of 11.4p and a multiple of 8 times. A twice-covered dividend, meanwhile, would produce a yield of 8.3 per cent. Set against the companies with which JM should now be compared, that may look a trifle expensive. Cookson Group, for example, trades on about 7 times prospective earnings. But all these calculations fail to take into account the timing and terms of a capital reconstruction. And that could alter the arithmetic significantly in either direction.

TUC/BT

Perhaps even the TUC has a role to play in the City of London of the future. Yesterday it published a letter to pension fund trustees, exhorting them not to subscribe for British Telecom equity. After citing several solid if predictable reasons for staying away, the TUC General Secretary goes on to argue that the shares may prove a poor investment. That may indeed be the case. But the general reasoning of the document does not inspire confidence. The letter argues, on the one hand, that privatisation tends to reduce protection against inflation in employees' pensions and, on the other, that a future Labour Government would renationalise BT without allowance for "speculative gains" arising from inflation. Something wrong there somewhere.

Racal increases bid for Chubb

BY CHARLES BATCHELOR IN LONDON

RACAL ELECTRONICS, the British communications and defence technology group, yesterday increased the value of its bid for Chubb & Son, the UK-based security company, by £33m to £179m ($222m) in a final effort to win over Chubb's reluctant shareholders.

A large part of the increase however, results from Racal's attributing a value of higher than par to the convertible loan stock included in the offer. Hill Samuel, the merchant bank advising Racal, acknowledged yesterday that this tactic was "unusual", while County Bank, which is assisting Chubb, described it as "dubious."

A meeting of the Chubb board today is expected to recommend rejection of the higher offer. The chairmen of the two companies, Mr William Randall of Chubb and Sir Ernest Harrison of Racal, met briefly yesterday but failed to reconcile their differences.

Racal's initial offer of three of its own shares and £5 worth of loan stock for every five Chubb shares was worth £146m at the then prevailing Racal share price on August 10. This offer, which valued the loan stock at par, had been accepted by the holders of only 1.3 per cent of Chubb's equity by the second closing date on September 26. Racal already holds 4.99 per cent of Chubb's shares, which were bought before it made its bid.

Racal is now offering £6 worth of loan stock as well as three shares. Racal's increased offer values each £1 nominal of its 7 per cent convertible unsecured loan stock 2009/14 at 113½p, according to the calculations of stockbrokers.

Hill Samuel valued the bid at 294.6p per Chubb share, or £179m, taking the 113½p value for the loan stock and on the basis of Monday's Racal share price. Valuing the loan stock at par however, puts a value of only 276p per share, or £168m, on the bid.

Racal's shares fell 4p yesterday to 260p, while Chubb rose 12p to 280p – higher than the value of the Racal bid when the loan stock is valued at par but less if Racal's figures are used.

Rescue lifts Peking stake in coal venture

BY WILLIAM HALL IN NEW YORK

THE BANK of China has come to the rescue of Occidental Petroleum's troubled $600m coal mining venture in Shanni province and has agreed to step in as an equity partner replacing Occidental's partner, Peter Kiewit Sons', which has withdrawn from the project.

Dr Armand Hammer, the 86-year-old chairman of Occidental, said yesterday that the Bank of China Trust and consultancy company had agreed in principle to participate equally as a 50-50 investment partner in order to support the smooth progress of the An Tai Bao surface coal mine, which is scheduled to be the world's biggest opencast coal mine.

The project has been delayed several times since it was first proposed mainly because the fall in the price of coal had undermined its profitability. Under the original agreement, Occidental and Kiewit were each to have a 25 per cent interest in the project. China was to have the remaining 50 per cent interest.

Occidental said yesterday that the new agreement meant that China's effective share would increase to 75 per cent.

Dr Hammer said that the engineering, design, training and procurement activities for the project would continue without interruption, and the negotiations with China Coal Development Corporation on the joint venture contract would proceed as scheduled.

Occidental declined to comment on the departure of Peter Kiewit Sons' from the project.

Wall Street analysts speculated that the departure of Mr David Murdock, an associate of Peter Kiewit, from the Occidental board earlier probably contributed to the decision.

Before his departure there had been widespread speculation that Mr Murdock was planning a boardroom coup against Dr Hammer, who has no obvious successor.

China's Canadian export finance deal, Page 5

EEC sidesteps deadlock over funding

Continued from Page 1

year – before reaching the agreed level of 1.4 per cent in 1986. This would have allowed room for Britain's Ecu 1bn reduction in payments next year.

Officials were last night contemplating the prospect that the ministers might only be able to agree on the most urgent item – approving the 1985 budget – and might have to meet again on all the other elements, including the package of budget discipline measures agreed by the finance ministers in Luxembourg on Monday.

Sir Geoffrey told his fellow ministers that Britain was prepared to let the 1985 budget go through, provided it was kept within the present limitation on funds, leaving a substantial deficit. However, the Foreign Secretary did agree that an addendum could be attached stating that extra finance would have to be found during the year, provided that the words were suitably qualified to prevent undisciplined spending.

Johnson Matthey rescue

Continued from Page 1

bank supervisors from around the world found itself split, at least on the second point. Sig Carlo Ciampi, governor of the Bank of Italy and host of the occasion, said that bank supervisors were allowing themselves to be frightened into rescuing banks when a failure or two might make them try that bit harder.

Mr Bill Isaac, chairman of the U.S. Federal Deposit Insurance Corp, who was the obvious target in his key role of rescuer of Continental Illinois only a few weeks earlier, retorted that the collapse of the Chicago bank could have devastated not just the U.S., but the world financial system.

Johnson Matthey Bankers is obviously not in the same league: with £2bn in assets, it is a fifteenth the size, and it has been taken into the safe custody of the Bank of England without damaging anybody but its owners.

The affair raises questions, however about the Bank of England's role as supervisor. Would greater vigilance have averted the crisis? Was "nationalisation" – which is what the rescue amounts to – a satisfactory answer? And how far do a supervisor's responsibilities extend when a bank is not a single entity but, as in the case of JMB, part of a bigger conglomerate with interests very remote from banking?

Mr Leigh-Pemberton claimed yesterday that the Bank's systems had operated efficiently. There is now strong evidence that the Bank had sniffed trouble even before Johnson Matthey's accountants, Arthur Young McClelland Moores, gave the group an unqualified report on June 26.

The Bank's supervision system – unique in many respects – relies on prudential reports supplied to it by banks and audited accounts rather than direct examination of bank books. Even though there is no suggestion in the JMB case of fraud or malpractice, the Bank's techniques have always been susceptible to the charge that they are essentially passive.

The Bank does boost its supervision by keeping in close touch with management, to assess its quality and discuss its business. Now that JMB is under its control, the Bank has made it clear it wants much better management and control. Again, if it has reason to doubt the abilities of JMB's management, did it have to wait so long?

Clearly, the JMB affair alone does not warrant a supervisory overhaul and the Banking Act limits the Bank's power to inspect a banks books. The Bank does not pretend, however, that its techniques are perfect, and each banking crisis contains a lesson.

There was never any doubt in the Bank's mind that JMB must be kept alive to protect the gold market, in which it is one of the world's biggest participants.

Gold impinges on banking in two ways: it is heavily traded by banks and is a monetary asset. Like Mr Isaac confronted by Continental Illinois, the Bank of England suffered little dilemma in deciding JMB's fate.

Having decided to keep it going, it was almost a foregone conclusion that the Bank would have to take JMB on. Needing a capital injection of £50m and considerably more support, it was too costly a proposition for the other four gold bullion brokers in the London market (even for Midland Bank, the majority owner of Samuel Montagu, because of its recent losses at Crocker Bank).

The solution that was finally devised is clean and puts the cost fully and solely on JMB's owners, the Johnson Matthey group..

Sony launches portable compact disc

Continued from Page 1

a portable until next year at the earliest.

Sony was the first company to launch a "personal stereo" with the miniature Walkman cassette player which, to the industry's surprise, was a runaway success. Practically every consumer electronics company now has its own version of the Walkman.

Compact disc players were launched in late 1982 and early 1983. They are expected to replace the conventional vinyl record. The 12.5 cm single-sided silvery discs can store an hour of digital recordings. The players read the billions of minute "pits" on the disc with a small laser.

Mr Akio Morita, Sony's chairman, said the new player would make high-quality compact disc reproduction accessible to younger, low-budget listeners and would radically expand the market. Sony expects the new player to be used in conjunction with existing hi-fi systems as well as a portable. It also plans to reduce the price of the discs produced by its affiliate CBS/Sony by 10 to 20 per cent to retail at about Y3,000 in Japan.

Sony says it will initially produce 20,000 D 50s a month rising to 50,000 a month by mid-1985. At present the total Japanese production of compact disc players is between 40,000 and 45,000 a month.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	F	20	68	Malaga	F	25	77	Salzburg	R	8	46
Akrotiri	S	29	84	Faro	F	21	70	Malta	S	25	77	Seoul	R	19	66
Algiers	S	27	81	Florence	C	19	66	Manila	S	33	91	Singapore	R	28	82
Amsterdam	S	14	57	Frankfurt	C	13	55	Miami	C	26	79	Stockholm	C	14	57
Athens	F	25	77	Funchal	S	24	75	Milan	F	19	66	Strasbourg	F	15	59
Bahrain	S	34	93	Geneva	C	14	57	Moscow	S	16	61	Sydney	S	21	70
Bangkok	C	33	91	Gibraltar	F	23	73	Munich	R	8	46	Taipei	S	32	90
Barcelona	F	19	66	Guernsey	F	14	57	Nairobi	–	–	–	Tangier	F	22	72
Beirut	C	28	82	Helsinki	C	12	54	Naples	F	21	70	Tehran	–	–	–
Belgrade	C	22	72	H. Kong	S	30	86	New Delhi	S	31	88	Tel Aviv	S	28	82
Berlin	R	16	61	Innsbruck	R	8	46	New York	S	15	59	Tenerife	S	27	81
Biarritz	F	17	63	Inverness	C	8	46	Nice	S	23	73	Tokyo	S	27	81
Blackpool	C	11	52	Istanbul	S	22	72	Oporto	R	16	61	Toronto	C	14	57
Bordeaux	R	13	55	Jersey	S	15	59	Oslo	D	10	50	Tunis	S	28	82
Brussels	F	15	59	Jo'burg	R	26	79	Paris	C	13	55	Valencia	C	20	68
Budapest	S	24	75	Las Palmas	S	26	79	Prague	R	12	54	Venice	C	17	63
B. Aires	S	26	79	Lima	C	20	68	Reykjavik	R	4	39	Vienna	F	20	68
Cairo	S	30	86	Lisbon	R	16	61	Rio de J'o	C	26	79	Warsaw	S	24	75
Cape Town	–	–	–	Locarno	F	15	59	Rome	S	20	68	Zurich	C	12	54
Caracas	S	27	81	London	F	13	55								
Casablanca	S	24	75	Los Angeles	S	25	77								
Copenhagen	C	14	57	Luxembourg	F	11	52								
Corfu	S	25	79	Madrid	F	15	59								
Dublin	C	10	50	Majorca	S	22	72								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Kinnock condemns violence

Continued from Page 1

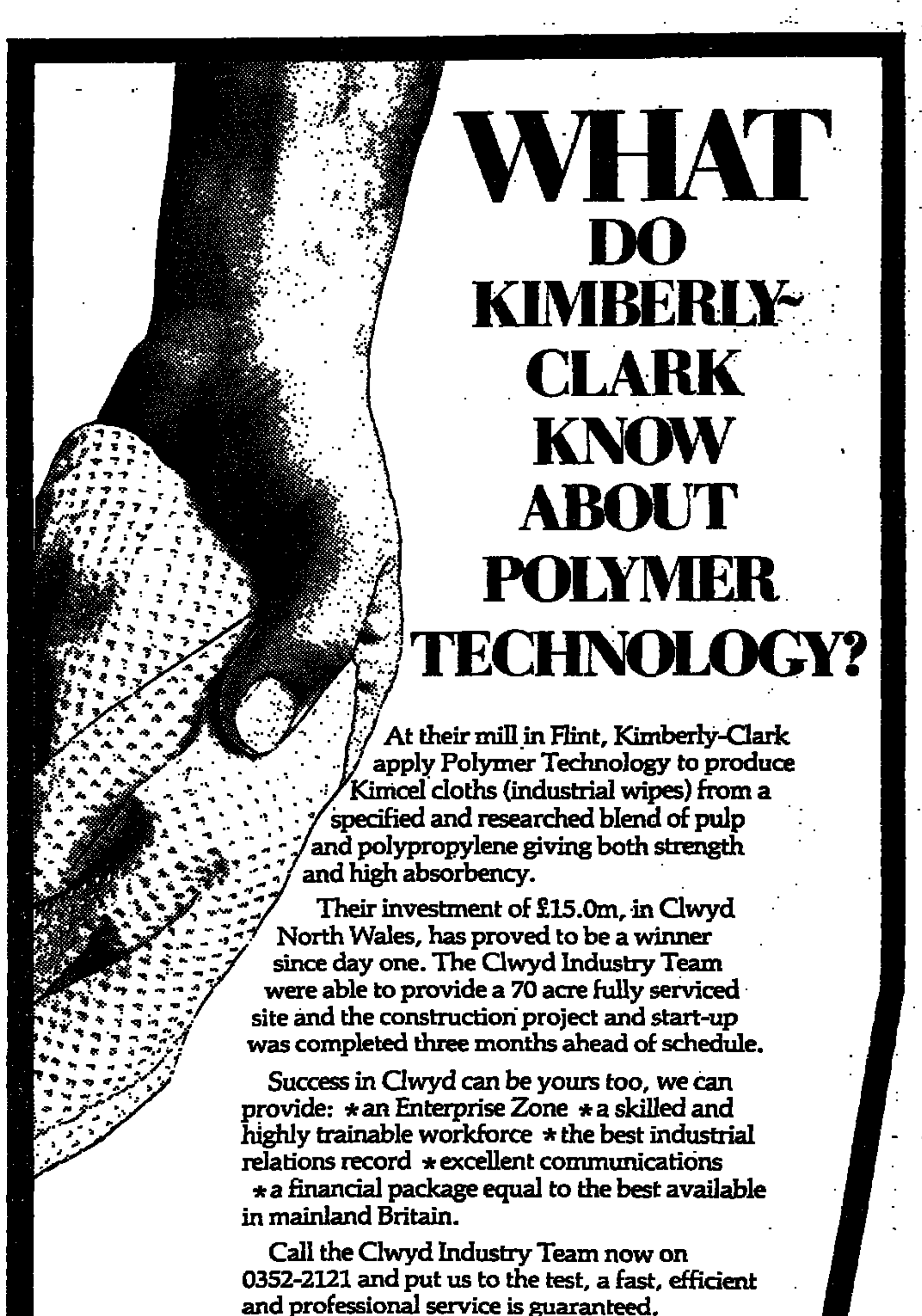
tions of conflict; of speaking the language of conflict."

Mr Kinnock asserted that the dispute was continuing because of the Prime Minister's "political vanity on a manic scale."

He sought to turn the issue of violence on the miners' picket lines against Mrs Thatcher by arguing that he opposed all violence, whoever it pleased or displeased. He condemned "all violence – the violence of the stone-throwers and the battering ram carriers, and I condemn the violence of the police cavalry charges and the truncheon groups and the shield beaters."

He said that this was the difference between him and Mrs Thatcher, whom he said had double standards and had a "selective and blinkered view of conflict." The Prime Minister, he claimed, was delighting in turmoil.

The Labour leader's consistent theme was the need to concentrate on winning the next general election (which may not be until 1988). He argued that a belief in democracy was not defeatism. It did not represent a bowing down "before a vague and variable idea called the sanctity of the law. It instead acknowledged that our greatest service to those who need protection and provision from different laws is to get power, and turf out the authors of the present injustice."



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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday October 3 1984

Continental Illinois plans further asset cutbacks

CONTINENTAL ILLINOIS plans to reduce further its assets by $1.7bn and shed nearly 2,000 employees next year, according to a strategic plan being circulated among its executives, Reuters reports.

Bank officials declined to comment on the report "1984-1985 internal tactical plan" dated September 21. However, a source close to the bank confirmed that it forms the basis of a long-range strategy that Continental will make public soon.

The proposed cutbacks will be in addition to the $4.5bn in assets that will be assumed by the Federal Deposit Insurance Corp (FDIC) as part of the rescue package approved by Continental shareholders last week.

The FDIC purchased $3bn of Continental's non-performing loans last Wednesday and agreed to buy another $1.5bn in bad loans over the next three years.

After the $3bn sale, Continental retains $900m of non-performing loans in its $26bn portfolio, said Mr William Ogden, chairman of Continental Illinois National Bank and Trust. The $26bn level represents a 17 per cent drop in the size of the loan portfolio from the end of 1983, he added.

The FDIC rescue package reduced Continental's consolidated assets to $33bn from more than $40bn at the end of 1983.

The 1985 target of reducing assets to $31.3bn could be revised to $29bn before the plan is made public, while non-performing loans of Continental Illinois National Bank and Trust will drop to $400m by the fourth quarter of 1985 from roughly $900m now. Bad loans for the end of this year are projected at $600m.

Officials hope disposing of bad loans will allow Continental to boost earnings by $200m next year.

Mr Ogden told a special shareholders meeting last week that Continental expected to be near break-even when third-quarter earnings are released. The bank reported a second-quarter loss of $1.1bn. Increased earnings in 1985 are expected to come from returns on reserves no longer tied up backing bad loans.

Employment levels, defined in terms of full-time equivalent positions, will drop to 9,144 from 11,104 "due to staff reductions by various departments" the plan projects. Personnel expenses are planned to decrease by 7 per cent or $6.3m next year because of these reductions.

It remains to be decided which departments will bear the brunt of the personnel cuts.

Mr John Swearingen, Continental chairman, refused to discuss specifics of a long-range plan for the bank holding company last week when shareholders approved the rescue package, but he acknowledged that a plan would be made public in the next few weeks.

Analysts speculated that such a plan would call for Continental to concentrate on garnering business in the Midwest. Signs that such a strategy is in place emerged last week as bank representatives began contacting correspondent banks to sell services dropped when Continental's problems surfaced.

Swedish banks' earnings plunge

By David Brown in Stockholm

PROFITS AT Sweden's three leading commercial banks took a plunge during the second four months ending August, following the decision in June by the Riksbanken (central bank) to raise the discount and penalty rates.

Both Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken (SHB) forecast a decline in margins which will result in unchanged or lower earnings for the full year. The state-owned PKbanken predicts its earnings will drop by a full 10 per cent in 1984.

Skandinaviska Enskilda Banken, the biggest bank, reported operating results of SKr 656m ($78m) for the May to August period compared with the SKr 906m earned during the first four months. The total so far this year of SKr 1.5bn is up 9 per cent over last year.

SEB's operating income rose by 15 per cent helped largely by foreign operations. The placement margin declined by 0.08 per cent to 2.22 per cent, however, the bank reports.

SEB and two other leading Scandinavian banks, Bergen of Norway and Union of Finland agreed recently to a far reaching co-operation pact under which the three will exchange shareholdings. The move was seen as a preparation for the expected increase in competition that will come when Norway and Sweden open their borders to foreign banks.

Svenska Handelsbanken meanwhile reported that operating results declined from SKr 681m during the first four months to SKr 547m at the end of the second period. The eight month results of SKr 1.2bn were up SKr 158m over the period a year earlier. Operating income rose 18 per cent through August to SKr 2.6bn, helped by higher commissions. Credit losses rose 57 per cent to SKr 247m.

U.S. accountants discuss link

BY OUR NEW YORK STAFF

TWO of the major "second-tier" U.S. accounting firms are discussing a possible merger. Alexander Grant, the Chicago-based accounting firm, and Fox, a Denver-based accounting firm, said they are considering a merger which if completed would currently rank the new firm as the ninth largest in the U.S. with combined annual revenues of about $238m.

The announcement comes less than three weeks after Price Waterhouse and Deloitte Haskins and Sells, two of the current "big eight" accounting firms, confirmed merger discussions which could lead to the creation of the largest accounting firm in the U.S.

The move towards further consolidation within the industry reflects a number of factors including the fierce competition for audit business, cost pressures and the attempts by accounting firms to expand their management consultancy role.

Grant, with revenues in its latest fiscal year of $148m, has about 2,500 employees including 326 partners and 60 U.S. offices. Fox had revenues of about $83m and employs about 1,500 including 225 partners in 53 U.S. offices.

Both firms have international affiliates. Grant is affiliated with Grant, Thornton International which has 60 accounting firms and 224 offices in 60 countries, while Fox is affiliated with Fox, Moore International, which has 42 accounting firms and 230 offices in 29 countries.

The proposed merger has particular attractions for Fox, which has had image problems following Securities and Exchange Commission (SEC) challenges against several audits over the past two years including Saxon Industries. In mid-1983 the SEC took the highly unusual step of forbidding the firm from accepting new business from publicly held companies while a special committee of outside accountants reviewed its auditing procedures. That ban was lifted in January.

Negotiations on the merger plan began in August

NEW VICTIM IN U.S. COMPUTER BATTLE

The shakeout spreads

BY LOUISE KEHOE IN SAN FRANCISCO

GAVILAN Computer's announcement late last week that it intends to seek protection from creditors under U.S. bankruptcy laws has reinforced the widespread view that only the fittest will survive in the highly competitive U.S. personal computer market.

Slowing sales over the past few months have increased pressure on personal computer manufacturers and their suppliers, accelerating the industry shakeout that is expected to eliminate all but the largest U.S. manufacturers.

On Friday, Californian-based Gavilan became the latest victim. The portable computer maker disappointed its venture capital backers, who provided some $31m to the two and a half year old company, by never getting off the ground with its grand plans for a brief-case size personal computer.

Founded by Mr Manny Fernandez, also a founder of Zilog, the semiconductor manufacturer, Gavilan aimed to be a leader in the portable computer field but its product, announced in June 1983, was not shipped until this March by which time several competing products were already established in the market.

Orders worth close to $100m evaporated as the product delays continued. Gavilan was forced to scrap its plans to go public this autumn. The company owes about $10m to suppliers according to C. Woodrow Rea, a partner with New Enterprise Associates, Gavilan's leading investor.

Also feeling the effects of the personal computer market slowdown is Vector Graphics, a maker of office personal computer equipment. The company is up for sale after efforts to improve earnings, which included management changes and layoffs, had failed to produce results.

Last week, Vector reported losses of $7.6m for the fiscal year ending June 30 on sales of $15.1m. This compares with a net loss of $2.9m on sales of $33.8m in fiscal 1983.

"Although the company took significant steps to reduce operating expenses and address problems and to provide the MS-DOS operating system (which would make Vector's products IBM-compatible) Vector and its dealers have encountered an increasingly difficult and competitive marketplace," said the company.

Reports from makers of semiconductor devices of cancelled and postponed orders indicate continuing uncertainty about the personal computer market outlook.

Manufacturers of disk drives – the data storage units used in personal computers – are also under pressure. Miniscribe, one of the leading suppliers of "hard" disk units used primarily in business personal computers, laid off 530 of its 2,000 workers on Friday, blaming the "industry-wide slowdown in computer disk drive sales."

Onyx+Imi, another hard disk drive maker, is also scaling back its workforce and has announced that it will shut its disk making operations early next year if a buyer cannot be found for the business by December. Mr Fred Bialek, the company's president, explained that "the competitive environment has heated up so in the last few months that we no longer felt it to be a good place to devote our energy or our money." Onyx+Imi also makes multi-user microcomputer systems and that business remains healthy, the company says.

Shugart, a disk drive subsidiary of Xerox, has already taken action to stem losses from its microcomputer drive operations. Last month, the company announced the closure of its factory in Roseville, near Sacramento, California.

CSX advances in third quarter

By Our Financial Staff

CSX, the major U.S. transport group, has continued to make strong headway with third-quarter profits almost doubling from 1983's corresponding $68.9m to $126.2m, or from 54 cents to 86 cents a share.

This boosts nine-month earnings to $386.6m or $2.63 a share, up from $167.6m or $1.31 a share last year

Revenues for the nine months totalled $5.9bn, against $3.9bn with the third quarter generating $1.9bn against $1.5bn.

Profits surge for AMI

BY WILLIAM HALL IN NEW YORK

AMERICAN MEDICAL International (AMI), the U.S. health care group which has been expanding aggressively through acquisitions, increased its fourth-quarter net income by 26 per cent to $41.5m on the back of a 4 per cent rise in revenues to $596.9m.

For the full year, AMI's net income rose by 20.0 per cent to $155.2m or $1.85 a share. However, if $18.1m of after-tax non-recurring costs associated with the $1bn acquisition of Lifemark are included, the increase is cut to 6 per cent.

Figures for both years have been restated to reflect the merger with the Houston-based Lifemark, which has been accounted for on the pooling-of-interests basis. Revenues for the full year rose 9 per cent to $2.4bn.

Mr Royce Diener, AMI's chairman, says the results reflect cost reduction measures and programmes the company is adopting to meet the rapidly changing health care environment in the U.S.

After the Lifemark acquisition, which was announced last October, AMI is beginning to see the fruits of cost savings

Security Pacific buys NY broker

By Paul Taylor in New York

SECURITY Pacific, the fast expanding West Coast banking group, has become the first major U.S. bank to own a wholesale equity securities brokerage firm through the acquisition of Hoenig, a New York Stock Exchange member which specialises in block trading on behalf of institutional money managers.

The move represents the latest aggressive push by the Los Angeles-based banking group into the domestic and international securities industry.

Security Pacific already owns government, municipal and corporate bond brokerage firms and an extensive retail discount equity brokerage network across the U.S. The banking group also owns a 29.9 per cent stake in Hoare Govett, the UK brokerage firm, and will increase this stake to between 70 and 80 per cent when UK stock exchange rules permit. It owns a 4.9 per cent stake in C.T. Pulley, the London stockjobber, and has agreed to acquire John Govett, the London-based investment management company.

Mr Richard Spelke, managing director of SPC Securities Services, said the latest acquisition "fits our overall strategy to provide complete wholesale services to the securities industry.

"Hoenig's equity execution capability, coupled with our existing clearing services through financial clearing and services, enables us to provide a complete equity execution and clearance package to the institutional market."

Mr Spelke added that the banking group will actively market Hoenig's services in Europe and the Far East

Hoenig also owns Stock and Trade, a retail discount brokerage firm in New York, which will be merged with Security Pacific Brokers, the banking group's existing discount brokerage unit.

Pick 'n Pay reduces margins to boost sales

By Jim Jones in Johannesburg

PICK 'N PAY, the South African supermarket chain, continued its strategy of cutting margins to gain sales turnover in the six months to August. First-half turnover increased by 21.4 per cent to R845.4m ($503m) from R696.2m but trading income beforfe tax rose by only 14.7 per cent to R22m from R19.2m. In the full year to February 1984, turnover was R1.5bn and trading profit R50.1m.

Mr Raymond Ackerman, the chairman, says that competition for business necessitated heavy promotional expenditure and discounting and that the prices of bread and milk in particular were reduced. In addition Pick 'n' Pay has started to feel the effects of austerity measures aimed at cutting consumer spending.

During the six months Pick 'n' Pay Opened three new stores and entered the garage trade by opening two outlets. Plans to open Australia's first hypermarket are on schedule but Mr Ackerman warns that the foreign venture is unlikely to generate large returns for at least a couple of years.

First-half earnings increased to 60.9 cents a share from 57.1 cents and the interim dividend has been raised to 19 cents a share from 16.5 cents. For the year to February earnings came to 160.6 cents a share from which a dividend total of 72 cents was paid.

Mr Ackerman hopes that the first half's earnings growth rate will be maintained during the current six months but warns that declines in consumer spending could result in a lower rate of earnings growth.

Wheelock Marden hit by shipping subsidiary losses

BY OUR FINANCIAL STAFF

WHEELOCK MARDEN and Co, the Hong Kong trading, property and shipping group, has reported sharply lower first-half net profits for 1984.

Net profits before extraordinaries were down to HK$52.48m (US$6.72m) from HK$101.17m for the first half of 1983. Worsening the position further was a net extraordinary loss of HK$129.16m which compares with an extraordinary gain of HK$9.26m previously.

According to Mr John Marden, the group's chairman, the growing loss at Wheelock Maritime International, the shipping subsidiary, plus "reduced profits from our real estate subsidiaries," caused the losses.

Wheelock Maritime has separately reported a net loss before extraordinaries of HK$64.74m compared with a loss of HK$14.9m at the interim point last year. An extraordinary loss of HK$16.6m was also announced against a gain of HK$14.5m last year.

According to Mr Marden, the shipping unit is unlikely to pay a dividend for 1984 despite some reduction in its debts and other commitments. Debts had been reduced by about HK$550m and commitments by HK$470m through the sale of vessels, he added.

For the parent, which holds 34.3 per cent of the shipping subsidiary's A shares and 70.7 per cent of its B shares, the continuing losses at Wheelock Maritime have necessitated a provision of HK$93.39m. Last year Wheelock Marden made an US$4m secured standby facility available to its maritime unit.

A further provision of HK$36.77m has been made with regard to the group's investment in International City Holdings, which itself has recently made provisions to take into account a general fall in property values.

Despite the setback, the parent is to pay an unchanged interim dividend of 12 cents on A shares and 1.2 cents on B shares, from earnings per share of 15.5 cents (29.9 cents previously) and 1.6 cents (3 cents previously) respectively.

Dunlop Olympic in bid for rest of NZ unit

By Dai Hayward in Wellington

AFTER SPENDING NZ$57m (U.S.$27.8m) in two weeks to expand its New Zealand holdings, the Australian based Dunlop Olympic has made a bid for the 48.3 per cent of Dunlop New Zealand it does not already own. Only a week ago Olympic bought the 51.7 per cent of Dunlop NZ formerly held by Dunlop Holdings of the UK.

Olympic has moved fast to take advantage of the New Zealand devaluation and the trans-Tasman trade opportunities available under the Closer Economic Relationship agreement between Australia and New Zealand.

If its offer for Dunlop NZ is approved by the Reserve Bank of New Zealand, Olympic plans to reorganise production in its Australian and New Zealand factories. New Zealand plants would concentrate on producing selected tyre sizes and styles for both the New Zealand and Australian markets. The Australian factories would increase production of other lines to supply New Zealand.

Olympic has offered Dunlop NZ shareholders a straight cash deal of NZ$4.64 per share, the same price it paid Dunlop Holdings for its 51.7 per cent stake, or one Olympic share plus NZ$1.90 in cash per share, or seven Olympic shares plus 10 cents cash for four Dunlop NZ shares.

The share plus cash offer puts a value of NZ$40m on Dunlop NZ.

United Motor Works in the red

BY WONG SULONG IN KUALA LUMPUR

UNITED MOTOR WORKS, the major Malaysian heavy equipment and car distributor, has plunged into the red for the first time in 14 years, following three years of stiff competition and heavy stocks in a contracting market.

For the six months to June, the group incurred an after-tax loss of 9m ringgit (US$3.8m) compared with a profit of 5m ringgit, in last year's first half. Turnover fell from 600m ringgit to 545m ringgit.

UMW said, conditions in the heavy equipment market were "poor." Heavy rains in East Malaysia had brought logging to a virtual standstill for three months.

The heavy equipment division, which distributes Komatsu and Toyota machines, suffered a pre-tax loss of 10.8m ringgit compared with a profit of 9.2m ringgit.

The Sejati subsidiary, which distributes Toyota cars, increased turnover by 9 per cent to 341m ringgit, and lifted pre-tax profits to 7.9m ringgit from 1.7m ringgit. However, the bulk of the increase came from higher productivity. Sales margins were eroded by stiff competition in the market, which is fighting to sell as many cars as possible before the introduction of a made-in-Malaysia car next October.

UMW said second-half prospects are not promising. There is no sign of recovery in the logging industry, but some profits will come from the recent acquisition of a franchise for the full range of Toyota commercial vehicles.

The group suffered a loss of 6.3 cents per share in the six months compared with earnings of 3.5 cents. There is no interim dividend this time compared with 5 cents last time.

Good results from most Hong Leong companies

BY OUR KUALA LUMPUR CORRESPONDENT

GOOD RESULTS have been posted by three of the four publicly listed companies belonging to the Hong Leong group in Malaysia, for the year ended June.

Pre-tax profit at Hong Leong Credit rose by 120 per cent to 35.3m ringgit (US$15m) on turnover up 86 per cent to 113m ringgit. Profit after tax and minority interests was 18.1m ringgit, an increase of 126 per cent.

At Hume Industries, which manufactures asbestos-based pipes and construction materials, pre-tax profit was 28 per cent higher at 38.4m ringgit, with turnover rising 33 per cent to 225m ringgit. Profit after tax and minority interests was 21.1m ringgit, an increase of 30 per cent.

Equally good results were recorded at Malaysian Pacific Industries, where pre-tax earnings rose 90 per cent to 7.8m ringgit on turnover 126 per cent higher at 55m ringgit. Profit after tax and minorities was up 80 per cent at 4.6m ringgit.

Results at Hong Leong Industries, however, were subdued. Pre-tax earnings were little changed at 42.2m ringgit, with turnover improving by only 7 per cent to 348m ringgit. Profit after tax and minorities was 4.5 per cent higher at 18.1m ringgit.

Final dividends are 10 cents for Hong Leong Credit, 9 cents for Hume Industries, and 4.5 cents each for Malaysian Pacific Industries and Hong Leong Industries, making unchanged totals of 10 cents, 15 cents, 7.5 cents, and 7.5 cents respectively for the year.

Merck takes control of Banyu

TOKYO—Banyu Pharmaceutical, Japan's 11th largest drugs company in terms of sales, said yesterday that Merck and Company of the U.S. has acquired a controlling 50.02 per cent equity share by converting $17m worth of convertible bonds into about 44m ordinary shares.

In August 1983, Banyu allocated the U.S. company the dollar-denominated convertibles, for conversion to common stock between July 1, 1984 and September 25, 1998.

Banyu, capitalised at Y30.07bn ($122m), is the first major Japanese drugs concern in which a foreign company has acquired a majority interest.

● Shin Etsu Chemical, the Japanese chemicals and electronics materials company, has announced group profits of Y14.36bn fo rthe year to May 31, up strongly from last year's Y8.21bn.

Pre-tax profits almost doubled to Y31.44bn on sales of Y323bn, up 23.7 per cent from Y261bn. The company is benefiting from strong demand for its silicon wafers which are used in the manufacture of semi-conductors.

Agencies

Dart & Kraft buys food distributor

By William Hall in New York

DART & KRAFT, the U.S. conglomerate whose products range from Kraft cheese to Tupperware containers and Duracell batteries, has agreed to buy CFS Continental, a Chicago food distributor, for about $290m.

The move will significantly strengthen Dart & Kraft's position in the food service industry. It is paying $33 per share via a cash tender offer for CFS Continental which earned $16.2m on sales of $1.2bn in the year to October 1, 1983.

The group says that the acquisition will improve its presence and cost position in several areas and will provide it with manufacturing facilities for certain food and non-food products which it does not produce.

Kraft has been supplying the food service industry for many years and in 1976 created a separate food service group, expanded its distribution network and broadened its product line to include products of other manufacturers. This side of its business had sales of $686m in 1983.

Mr Robert Cohn, chairman and chief executive of CFS Continental, will become chairman of the combined food service operations and will report to Mr Michael Miles, President of Kraft.

Sharp rise in profits at IFI

By James Buxton in Rome

IFI, the Turin-based holding company which handles the Agnelli family's stake in Fiat and other companies, had a sharp increase in profits in the year to June 30 1984.

Net profits were L24.6bn ($13m) compared with L14.8bn in the previous financial year. The company is paying increased dividends both on its preference and ordinary shares. Preference shareholders will receive L130 per share instead of L100 and ordinary shareholders will be paid L80 per share instead of L50.

IFI controls 30 per cent of Fiat, Italy's largest private enterprise, and is in turn controlled by the Agnelli family.

Paul Betts reports on the car group's response to Communist criticism

Renault defends its American dream

THE FRENCH Communist party this week greeted the appointment of the new French chief executive of American Motors Corporation (AMC) with a renewed and positively explicit attack on the American strategy of the French state-owned Renault car group.

"The American adventure is Waterloo" read one headline in Monday's edition of L'Humanité, the Communist daily newspaper. On the same page, a trade union delegate and member of the Communist party central committee described in highly critical terms Renault's U.S. strategy as "an American folly."

Visibility

But M Jose Dedeurwaerder, who took over as chief executive of AMC at the weekend, defended Renault's American dream. Indeed, the appointment of a French chief executive confirms Renault's intensions of increasing its visibility on the U.S. market and of its 46 per cent ownership of AMC, the number four Detroit car maker.

Its current strategy is to see AMC and Renault products covering nearly 70 per cent of the North American market by 1988 compared to about 30 per cent at present. To achieve this aim, Renault wants by that date to be able to offer a range of subcompact, compact and intermediate cars in the U.S., explained M Dedeurwaerder.

The French group sells its subcompact Renault Alliance and Renaut Encore (derivatives of the R-9 and R-11 respectively) and plans to bring out a larger car (the so-called X-58) to compete in the U.S. intermediate market against models like the Chevrolet Celebrity. This car will be produced at AMC's new Canadian plant involving a C$760m investment from 1988 onwards at a daily rate of 750 cars. Before then, M Dedeurwaerder hinted AMC would bring out a product in the compact car category derived from a new domestic medium-sized Renault model.

In an effort to expand its product range further, Renault will be marketing in the U.S. through the AMC dealership network its new Espace leisure van, jointly manufactured with the French Matra group. "We hope to sell 15,000 Espaces on the U.S. market in 1986," said M Dedeurwaerder, adding that marketing tests in the U.S. suggested there was strong demand for it.

AMC is also planning to launch a pick-up truck next year in a promising segment of the U.S. car market. Over 1m pickups a year are sold. At the same time, Renault will be marketing directly the new AMC Jeeps in several European countries, including West Germany, Switzerland, Austria, France and Belgium.

Renault wants to see AMC capture 4 to 5 per cent of the U.S. passenger car market, about 20 per cent of the four-wheel drive market and 6 to 7 per cent of the U.S. light truck market by 1988. AMC production of cars and Jeeps is expected to increase to 460,000 vehicles next year from about 395,000 this year, and reach about 600,000 vehicles in 1987.

Although the idea of the Renault-AMC partnership is to offer AMC the opportunity of tapping industrial, engineering and research resources of Renault, M Dedeurwaerder says this does not simply mean that AMC will take everything Renault makes. "We take a good look at all the cars that come out in France and see how they fit into AMC's strategy, but we have to be selective."

Style

Indeed, there are no plans for marketing in North America the new Renault Super5 mini car and Renault and AMC still have to take a final decision on whether to sell in the U.S. the new top-of-the-line Renault 25.

M Dedeurwaerder says the new Renault 25 is not a car that would sell in large volumes in the U.S. The style of the R-25 is not suited to the U.S. market, he acknowledges. However, Renault will make up its mind in the coming month whether to sell it in the U.S. on a limited specialty car basis.

AMC is also seeking to develop and strengthen its North American dealership network. "Our dealership network still needs convincing that we can make and sell intermediate range cars in the U.S.," M Dedeurwaerder remarked, adding that the new X-58 would lead Renault and AMC into the intermediate range market in 1988.

One of the problems of AMC was the fact that the marque had what Mr Dedeurwaerder called "a mediocre reputation." For this reason, Renault is keen to expand its own brand name in the U.S., although the company does not intend at this stage to change the name of AMC.

Ironically, just as AMC is beginning to be a little profitable, it is again at a centre of a storm in France over the Renault group's international strategy. After 13 consecutive quarters of losses, the company has had a run of three consecutive quarters of small earnings. For the first half of this year, profits totalled $11m. It has also started this year a joint venture in China to upgrade and develop Jeeps which could possibly eventually lead to a joint passenger car venture for Renault or AMC with Peking.

M Dedeurwaerder claimed the Chinese deal was "a source of profit" for AMC and that discussions were taking place on building a Renault passenger car model in China.

The current wave of criticisms and attacks against Renault's U.S. venture are all part of the wider political battle on the Government's economic and industrial policies, centred on the state-owned car group. But though the Communists, who split from the French governing coalition with the socialists this summer, have again accused Renault of sacrificing jobs in France for expansionary adventures in America, M Laurent Fabius, the Socialist prime minister, recently expressed his unqualified support for Renault's investment

Texas Eastern to sell pipeline

By William Hall in New York

TEXAS EASTERN, the Houston energy group, has put its Transwestern pipeline company up for sale in a move to reduce its bank borrowings after its $1.1bn takeover of Petrolane, the leading distributor of liquefied petroleum gas in the U.S.

Transwestern is an important pipeline connecting the gas fields of Oklahoma's Anadarko basin and North Texas with California. It stretches for 3,362 miles and is up to 36 in diameter with 19 mainline compressor stations.

Transwestern assets at the end of June totalled $715m and it earned $27m on sales of $1.1bn in the year to the end of June 1984. Working capital provided from the operations totalled $84m.

Until now, Texas Eastern has been in the rare position of being able to supply both the East and West Coast markets with gas through its extensive pipeline system. First Boston has been hired to contact potential purchasers.

Mr I. David Bufkin, Texas Eastern's chairman, said that the possible sale of Transwestern does not undermine the group's strong commitment to the gas pipeline business through the Texas Eastern gas pipeline company.

"The decision to investigate divestiture was a strategic move following careful study and analysis," said Mr Bufkin.

UCB earnings improve with sustained demand

BY PAUL CHEESERIGHT IN BRUSSELS

STEADILY increasing pharmaceutical, chemical and film sales lifted pretax profits of UCB, the Belgian group, by 23 per cent in the first half of this year over 1983.

The improvement in the group's performance, which started last year as the effects of restructuring came through, have continued strongly on the back of sustained demand.

Pre-tax profits were BFr 954m ($15.4m) on a turnover of BFr 16.29bn, compared with profits of BFr 773m on a turnover of BFr 14.58bn in the same period last year.

But at the net level there was a decline from BFr 848m to BFr 748m as tax provisions rose and exceptional earnings went down. The 1983 first half figures were swollen by the receipts from the sale of agro-chemical subsidiaries.

UCB expects the final results for the year to be significantly higher than in 1983 when the group earned a net BFr 971m. This would open the way to higher dividend payments which have edged up in recent years to reach a net BFr 160 for 1983.

Boskalis may dispose of non-dredging activities

NETHERLANDS — The Royal Boskalis Westminster NV is considering concentrating its activities on the main dredging sector and gradually withdrawing from other non-strategic operations.

The operations Boskalis wants to sell are building subsidiary Dirk Verstoep, agro-industrial company Hva, and pipelines unit Petrogas. The sale of these profitable businesses would provide cash to strengthen the key dredging division.

Such a move is the likely result of an analysis being undertaken by international consultants McKinsey and Co., following the dredging and construction group's financial problems.

Boskalis said it aims for a quick implementation of the study, which is expected to be completed within the next few weeks.

Last month Boskalis announced a Fl 70m ($20.3m) first-half deficit, largely due to losses on pipeline activities and financial charges arising from outstanding claims on Argentina.

Its situation led to major speculation on the stock exchange and caused a drop in its share price to Fl 9.50, from Fl 50 at the beginning of this year.

Reuter

Slower growth at Imasco unit

By Robert Gibbens in Montreal

HARDEE'S FOOD Systems, the U.S. subsidiary of Imasco, the Canadian fast food business, is running into strong competition and profits will grow more slowly in the near term, said Mr Paul Pare, Imasco's chairman.

Imasco, however, controlled by BAT Industries of Britain, expects that with continuing good results from its Canadian tobacco products business and from drug stores in Canada and the U.S., it will have another overall gain in earnings for the full year ending next March 31.

First-quarter earnings were C$51.9m ($39.6bn) or $1.02 a share, up 18 per cent from a year earlier.

A white-haired and ebullient intellectual bucks the Italian publishing trend

BY ALAN FRIEDMAN IN MILAN

Sig Edilio Rusconi: "I love publishing books. I like to have fun"

THESE ARE NOT easy times for Italy's major publishing empires. The famed Rizzoli group is in court-appointed receivership, its Corriere Della Sera newspaper is expected to be sold any day.

The Mondadori publishing group, although itself in profit, recently turned over control of its loss-making Rete Quattro television network to Sig Silvio Berlusconi, a Milanese businessman and television mogul.

Italy's most intellectually respected publisher—the Einaudi group—is in receivership

But a few yards away from Milan's central railway station, from his comfortable book-lined offices, a 68-year-old former resistance fighter and literary critic sits masterminding a major marketing drive in the world of Italian publishing which thus far has bucked the trend of the industry.

Sig Edilio Rusconi, an ebullient white-haired intellectual with a constant twinkle in his eye, is successful. He already has a modest empire comprising 23 magazines ranging from Gente, a weekly illustrated news magazine which sells 1m copies a week, to specialist magazines in such diverse fields as motoring, jazz, science, knitting, fashion and interior decorating.

Translations of Yeats, Aristotle, Kant and Hume

Sig Rusconi publishes three magazines in France, prides himself on his company's translations of Yeats, Aristotle, Kant, Hume and Locke, and operates subsidiary companies in wholesale distribution, data systems and audiovisual equipment.

This year he expects the turnover of Rusconi Editore, the parent company, to grow by 34 per cent to L214bn ($115m) and, best of all, he has managed to stay in the black.

But there is an ambitious streak in this seemingly quiet intellectual. He is happy to sit back in a comfortable leather armchair, chatting at length about Ezra Pound, Hemingway, Joyce and the Paris of the 1930s. B/. what he really craves, it would seem, is even more success and recognition than he has already earned.

In the first eight months of this year, Sig Rusconi has been busy. In January he had the satisfaction of paying L6bn to take control of three of the troubled Rizzoli group's top-market fashion magazines, Mondo Uomo, Donna and Donna and Bambini. It must have been especially satisfying since Sig Rusconi was, before he founded his publishing house in 1957, a senior Rizzoli magazine editor.

Then in May, with a sophisticated advertising campaign featuring ultra-reddish lips devouring an ultra-red cherry, Sig Rusconi launched the up-market Il Piacere (or "Pleasure") monthly magazine, aimed at connoisseurs of wine, jet-setting and art.

A month later, in June, the Rusconi group signed a joint venture magazine publishing agreement with Hachette of France. The idea is to build upon Rusconi's French-language periodicals and to develop and market jointly further publications in France and Italy.

Then, in August, while most of Italian commercial and political life had come grinding to an August halt, Sig Rusconi moved out beyond books and magazines and bought himself a newspaper, the widely-read northern Italy afternoon daily, La Notte. Not even Sig Rusconi would claim that purchasing the loss-making La Notte, the 100,000 readers of which can daily savour the latest crimes and scandals, was anything to do with things intellectual. But he calls the purchase of the Milan-based daily, which last year lost L 6.3bn and which can reasonably be expected to lose money into next year, "a challenge."

Sig Rusconi has spent a great deal of time and money this year not only making acquisitions (from cash flow; bank loans are negligible), but also on planning promotional strategies. His annual publicity budget consumes L30bn, or 15 per cent of group turnover. And for his four new magazine launches this year (in addition to Il Piacere he is promoting a television weekly, a consumer investment magazine and a keep-fit publication) he is devoting around L7.4bn to marketing.

The launch of Il Piacere is by far Rusconi's slickest and most successful new venture. "We wanted to do an elite monthly leisure magazine which would catch a new mood. People are tired of hearing about the economy, of war, of mines in the gulf of Suez. The idea of Il Piacere is to remind people that life can also be beautiful," recalls Sig Rusconi.

Moved in August and bought a newspaper

The idea for Il Piacere however, did not come from market research. It came from the thinking of Sig Rusconi and his son, Alberto. And with a staff of just 15 writers and editors, and the help of Milan's Rizzo advertising agency, the launch went ahead in May. The total cost of starting the glossy Il Piacere was L2bn ($1.1m), of which L900m was spent on publicity on billboards, on television and in the print media.

To break even, Il Piacere needed to sell around 90,000 copies a month. It achieved this within weeks of its launch, and the numbers have kept up. Advertising rates for Il Piacere are being kept deliberately low for a while, until the magazine is firmly established.

"We weren't completely sure about the title, but it seems to be working. It tells people that pleasure can be both simple and sophisticated," notes Sig Rusconi.

Beyond this year's various enterprises, Sig Rusconi refuses to be drawn. His professed aim is to "cover all markets, all readership and all strata." Considering his downmarket La Notte newspaper acquisition, the gossipy weekly million-selling Gente colour news magazine and the top fashion periodicals, Sig Rusconi appears to be covering plenty of ground—and he is still profitable.

Group net profits of around L1.5bn to L2bn a year say nothing about the real level of earnings, which are probably closer to L5bn. But Sig Rusconi believes in ploughing the bulk of earnings into new ventures, although he insists that if a magazine loses money, "We will kill it immediately."

Only book publishing is allowed to lose money. "Someone has to publish books. Someone has to spread literature." And then, with a modest grin, the former resistance fighter, literary critic and novelist confides: "I love publishing books. I like to have fun."

S. R. Gent gains from lower interest

S.R. Gent reaped the benefits of lower interest charges over the 52 weeks ended June 1984 and saw its pre-tax profits rise for the period by almost £1m.

Operating profits moved ahead by only 6 per cent to £6.15m (£5.79m) but after taking account of a £701,000 drop in interest charges to £741,000 and a £121,000 lower contribution from the associates at £711,000 taxable profits advanced from £5.18m to £6.12m, an increase of 18 per cent.

The group, based in South Yorkshire, manufactures ladies' and children's clothing. Its principal customer is Marks and Spencer. Turnover for the year improved from £70.2m to £79.59m.

Mr S. Mason Marks, the chairman, says the highlights of the year in the UK included the expansion of the group's customer base, the continued widening of merchandise ranges and the opening of the 17th factory at South Kirkby.

As indicated in the offer for sale prospectus in July 1983 a final dividend of 2p is being paid making a total of 3p net per 10p share.

Costs and overheads accounted for £73.45m, compared with £64.4m. Tax also showed a sharp rise at £821,000 (£359,000). The increase here was due to unrelieved ACT on dividends but the directors say this may be partially or wholly recoverable in the future.

Available profits increased to £5.29m, against a previous £4.83m, from which dividend payments will absorb £1.08m (£83,000). The retained surplus came through at £4.21m (£4.74m).

Earnings per share emerged at 14.7p (14.6p) on a net basis and at 16p (14.6p) on a nil distribution basis.

Mr Marks tells shareholders that overseas, Australia traded profitably and Canada improved, although the operations here are not yet at break-even. As forecast, South Africa continued to be affected by local economic conditions.

Since the year-end Gent has moved its design centre to London and acquired a small lighting company.

Last March, at the time of the interim report, the directors said that the second six months, the major selling period for the group, has started well with sales significantly ahead of those of the corresponding period a year earlier.

Pre-tax profits for the second half improved from last time's £3.52m to £3.96m.

The group came to market via a tender offer of 9m shares at 184p per share. Its profits for 1982-83 were in line with forecast and showed a 21.7 per cent rise over those of the previous year.

Gent was founded in 1945 when Mrs Edith Wallace, a clothing designer, started manufacturing ladies' blouses for M. & S. She was joined later by her sister, Mrs Ruth Wetzel, and for many years the company operated from two houses in Barnsley.

● comment

S. R. Gent must sometimes wish that the embrace of Marks and Spencer was less tight than it is. The fall in operating margins from 8.25 per cent to 7.7 per cent supports the general belief that the big daddy of the High Street is squeezing its suppliers more than ever. Gent is slowly trying to cut its dependence on M & S, which accounts for 90 per cent of sales, by winning other customers; a big step in this direction is the opening today of a London design centre, which, it is hoped, will attract more potential clients than were prepared to make the trip to Barnsley. Meanwhile, the weather has not been kind to Gent—these figures suffered slightly from the late arrival of summer; this year, summer's delayed departure has depressed winter season sales. For the current year, Gent could make £6.75m pre-tax which puts the shares unchanged at 152p on a multiple of under 10. This is assuming an 18 per cent tax charge, a figure that could rise substantially in subsequent years as tax allowances in the balance sheet are used up. The stock is not expensive given Gent's reputation for fashion and efficiency.

Cecil Gee looking for further U.S. expansion

IN THE seasonably unfavourable first half trading period Cecil Gee, a USM quoted menswear retailer, pushed taxable profits up by 63 per cent from £204,000 to £332,000.

The result was achieved on higher turnover of £8.77m, against £6.74m excluding VAT, which was mainly brought about by new branches and some conversions from Cecil Gee to Gee 2.

Profits for the 26 weeks to July 14 1984 again benefited from exchange gains of £113,000 (£47,000), and the company is looking for further expansion in the U.S. in view of the strong dollar.

Mr Michael J. Gee, chairman, says that both Cecil Gee and Savoy Taylors Guild Shops traded satisfactorily and the U.S. operation performed well, but he points out that the percentage profit increase should not be taken as an indication of the annual out-turn. Profits in the last 53 week period amounted to £1.08m on turnover of £16.46m.

As usual there is no interim dividend. Earnings per share are shown as 2.9p (1.4p) after tax of £81,000 (£85,000).

During the period the company sold its 14.5 per cent stake in James Walker Goldsmith & Silversmith, realising a profit of £570,000, which has been included in the interim results as an extraordinary item.

This investment surplus will be used to finance Cecil's expansion programme. The company plans to open three more Gee 2 branches in the UK by the end of the year, and last week it exchanged contracts to purchase seven shop properties from H. Samuel, but this transaction will not be completed until the end of January 1985.

Strong & Fisher upholds recovery and pays dividend

A STRONG recovery in full year profits and a return to the dividend list have been announced by Strong & Fisher (Holdings), a clothing and fashion leather manufacturer.

Over the 12 months to June 29 1984, the group pushed its taxable result up from £412,900 to £2.76m on the back of higher prices, a move up-market, cost cutting, and the elimination of unprofitable lines.

Accompanying the result is a proposal to pay a single final dividend of 4p, the first payment for two years, which is covered more than five times by stated earnings per share of 21p (3.6p).

In addition to the improvement at the taxable level, the company was, after all charges, able to make a transfer of £1.49m to reserves compared with a negative outflow of £175,200 last time.

Sir Ian Morrow, group chairman, says the results reflect the improving trend first shown in the second half of last year, which yielded a profit of £1.24m. The first and second halves of the year under review produced £1.21m and £1.55m respectively.

Group turnover for the 1983-1984 year rose from £36.66m to £46.45m. Leather sales, the bulk of which go for export, increased by 10 per cent to £22.79m but there was no volume increase.

Other sales, which encompass skins and hides, climbed from £16.16m to £23.66m, which, Sir Ian points out, was due to higher prices.

Taxable profits were struck after a lower interest charge of £1.31m, against £1.58m, and the chairman says that gearing is "much improved."

The company's tax bill was sharply higher at £268,300 (£11,900). There were again extraordinary debits, which took £419,800 (£573,300), but this year's charge was mostly made up of a provision for deferred tax stemming from this year's Finance Act, compared with closure costs last year.

Commenting on the company's establishment of a subsidiary in Turkey, Sir Ian says the project is on its planned course and the Government there has given its approval. Mr Asil Nadir, who through his beneficially owned company, Restro Investments, has a 24.9 per cent holding in Strong and Fisher, is assisting in the project.

● comment

It is in one sense awkward that Strong & Fisher's main area of diversification should consist of fellmongery and sheep butchery in Turkey; for it is no reflection on the undoubted talents of Mr Asil Nadir to say that for the outside investor, the assessment of risk and return in the Turkish economy is a tricky proposition. That apart, the fall in group margins in the second half of last year apparently relates to an increase in low-margin trading in cattle hides, with the basic business in lambskins still on the increase. It is claimed that the Turkish business—now blessed with government approval, and scheduled to get under way in early November—will require no capital expenditure, since the Turkish government is to provide slaughtering facilities, and fellmongering capacity can be leased locally. Unofficial estimates suggest profits this year from the basic business of £3.5m, with a further £1m to come from Turkey in the second half. But at 150p—down 12p—the market is allowing room for error.

Finance costs and leisure slump hit Riley

DIFFICULT TRADING conditions—especially in the leisure industries division—and a sharp increase in interest charges have resulted in a "very disappointing result" at the midway stage for Riley Leisure, manufacturer of billiards tables, snooker club owner, and maker and supplier of fitness equipment.

In the first six months to June 30 1984 profit before tax, but after interest payable up from £122,000 to £512,000, fell from £1.43m to £68,000.

This, and the likelihood of another disappointing Christmas sales period, have led the directors to reduce the interim dividend by some 1.3p to 0.7p net per 10p share. The total last year, when pre-tax profits were a record £2.54m, was 4.2p. Earnings per share are stated as nil for the period under review, against 6.4p, and 0.3p (6.2p) fully diluted.

Turnover increased from £8.35m to £10.23m, but produced a trading result down by nearly £1m to £580,000. The interest deduction includes £202,000 (£24,000) relating to Leisure Industries. Mr Alan Deal, the chairman, says that current borrowings are too high and it is a prime objective to reduce these as soon as possible. The group's bankers are being "fully supportive," and it has "sufficient facilities for its requirements in the foreseeable future."

The chairman pinpoints Leisure Industries for the deterioration, with a £680,000 loss (profit £71,000). The division suffered a poor Christmas season followed by "worse than expected" results in the first half. He expects no upturn in the current half, and the division is being drastically restructured. This will necessitate considerable redundancies throughout the division.

He adds, however, that these moves will not affect the proposals regarding the new consumer division which has been established to market and sell sports and leisure products, including snooker equipment, to the mail order and retail trades.

Elsewhere, the Riley snooker manufacture and service division produced an increase in sales from £3.03m to £3.79m, but a drop in profits at £123,000 against £231,000. Snooker clubs had "another good season," with profit up by £164,000 to £892,000 from sales of £3.38m (£2.05m).

The fitness equipment side, which trades under the Powersport International name, was affected by a drop in sales to the Middle East, and saw both turnover (down from £1.42m to £1.38m) and profit (down from £599,000 to £362,000) suffer.

Furniture sales dropped from just over £1m to £726,000 in the period, producing an increased deficit of £117,000 against £4,000. The chairman says that the first-half loss will not be recovered in the current period. Remedial action is also to be taken here.

He concludes by saying that results for the year will not be good, but looks forward to a recovery in the group's fortunes during 1985.

There was no tax charge for the period (£671,000). Minority interests accounted for £19,000 (£3,000), and the reduced dividend will account for £111,000 against £295,000, leaving a retained deficit of £134,000 (£406,000 profit).

● comment

The skateboard, the home computer, the miniature snooker table—it takes a bold man to gamble on the leisure tastes of the consumer. Riley's gamble with Leisure Industries has failed in a big way. The company cannot say yet how demand will shape up this Christmas, but this first half was badly depressed by the overhang of stocks from a disastrous 1983, and this Christmas looks like being worse. That apart, profits from mainframe snooker tables for the full year should be slightly down, with maturing demand in the UK being offset by exports and problems of relocation in the first half being sorted out in the second. But Riley's main task consists of sorting out Leisure Industries, at a cost which should ensure that shareholders' funds will at best be unchanged come the year end. Borrowings are now above £10m, and the sale of Leisure Industries' surplus freehold properties, though worth perhaps £2m to cash flow, will take some time to come through. This leaves gearing at maybe one and a quarter times shareholders' funds, a fact which the share price—down 4p at 52p—cautiously recognises.

Clifford's Dairies 19% lower

A REDUCTION in milk margins from March 1 and a wage award taking effect the following month have been significant factors in a difficult first half of 1984 for Clifford's Dairies. Turnover rose from £32.47m to £34.63m, but pre-tax profits were 19 per cent lower at £1.23m, against £1.51m.

The net interim dividend is increased from 2p to 2.2p net, but although second half results are expected to show some improvement, the board says the final is unlikely to be similarly raised by 10 per cent—last year's final was 3.8p on total taxable profits of £3.21m.

Tax for the half year was up from £302,000 to £560,000. Stated earnings per 25p share were 5.48p (9.92p) based on the actual tax charge and 5.48p (6.08p) on a full tax charge. There were also extraordinary credits of £308,000 (£184,000) representing profits on disposal of properties.

The higher tax charge has resulted from the 1984 Finance Act changes, particularly the phasing out of first year building and plant tax allowances which had kept Clifford's tax charge low for many years. A £0.8m provision was made in 1983 and a further sum of £1.2m will be charged as an extraordinary item in the 1984 accounts.

The board reports that in the period under review, sales volumes of liquid milk were higher than in 1983. This was due partly to a substantial increase in lower fat milks, which are enjoying a growing popularity.

The supply of milk in cartons and large containers has grown steadily, but the very competitive nature of this market has reduced margins to what the board says is an uncomfortable degree.

Cream and dairy products sold well during the period but cream margins were disappointing. The introduction of UHT cream in pots was delayed by technical difficulties, but progress is now being made in its marketing.

The volumes of fruit juices and fruit-based drinks have continued to expand and a number of new products have been introduced. The company succeeded in maintaining supplies following devastating frosts in Florida, but substantial cost increases could not be immediately reflected in selling prices.

Since June milk margins have increased and better results are expected from the fruit juice operation. The feared impact of increased milk imports has not materialised, but growing competition is affecting all aspects of the company's business.

Bridgend back in the black with £10,000

For the first time in many years Bridgend Processes has moved into surplus as security business turnover continued to grow in the first six months of 1984. Pre-tax profits of £10,000 were produced compared with losses last time of £47,000.

Mr Neil List, chairman, says that the improvement in trading is being maintained and he anticipates that the group, excluding Woodwards, will make a small pre-tax profit for the year.

In the last full year losses came to £76,000.

There is again no dividend—the last payment was in 1973. Earnings per 10p share are shown as 0.08p (losses 2.2p).

Mr List says that more than 90 per cent of Woodwards shareholders have accepted the offer from Bridgend—made last June—and the minority will shortly be compulsorily acquired. The acquisition increases group net tangible assets from £700,000 to £3.9m. It is expected that following a detailed appraisal of operations Woodwards will contribute significantly to earnings.

The acquisition is in line with stated policy of creating a broadly based group specialising in distribution industries.

Turnover of this electronic and security products group increased from £858,000 to £1.17m, excluding Woodward. At the trading level there were profits of £10,000 (losses £24,000) and last time interest costs took £23,000.

Raine Inds. setback from miners' strike

Despite record profits from housebuilding, profits for the year to the end of June at Raine Industries have been hit by the miners' strike, the National Coal Board being a major customer for the engineering side.

Pre-tax profits slipped from £724,000 to £615,000 on turnover ahead from £13.51m to £15.6m, reflecting the continued increase in housebuilding activity.

The directors say they look forward to continued progress in the current year.

A breakdown of turnover and profits by division shows: housebuilding £10.22m (£7.64m) and £807,000 (£657,000); steel and heavy engineering £4.03m (£4.75m) and £1,000 (£280,000); light engineering/general £1.34m (£1.12m) and losses £9,000 (profits £21,000). Holding company expenses and interest took £184,000 (£214,000).

As forecast, a final dividend of 0.55p is recommended, making a higher total of 0.75p for the year, against 0.64p last time.

Placing for A & P Appledore

BY ALISON HOGAN

A. & P. Appledore is coming to the Stock Market by way of a placing of 1.4m shares, equal to 46.7 per cent of the issued ordinary share capital.

The company acts as consultants to the shipbuilding and shiprepairing industries around the world. It manages three shipyards in Greece, Dubai and Malaysia and expects to increase the number of management contracts in the near future.

The company is currently converting the Gibraltar naval shipyard to commercial use.

The existing management contracts in Greece, Dubai and Malaysia include a management fee plus a share of profits. The shipyards are not in profit at present, but the management expects to be able to turn round the yards.

A. & P. Appledore has established an international reputation since it was started by the chairman and deputy chairman Peter Nash and Anthony Mackesy in 1971. They were instrumental in establishing the first major shipyard in South Korea and have worked extensively in North and South America, as well as the UK where it is currently assisting British Shipbuilding in its productivity improvement programme.

The company will have a small market capitalisation for a newly listed company of £2.61m. No new money is being raised. Wimpey, which took a stake in the company several years ago, has as a policy been disposing of some of its minority interests and will be selling its complete 20 per cent stake.

In the year to March 1984, the company made pre-tax profits of £532,000 on turnover of £2.97m. The directors forecast pre-tax profits of £890,000 for the current year, which puts the shares at the placing price on a prospective p/e of 8.34 and a yield of 7.5 per cent.

Kitcat & Aitken are brokers to the issue. Dealings are expected to begin on Tuesday October 9.

● comment

A & P Appledore, a small, specialised and successful consultancy, has decided to go public, in part to allow Wimpey to dispose of its stake and to put a price on the shares for the managers, many of whom have been with the company from its earliest days. It needs no extra funds in the short term, but the public quotation will help if it wishes to make acquisitions in the future—a move into related marine services seems possible. The move into shipyard management should improve the pace of growth. Besides the incentive to improve profitability of the shipyards, the company will have a further spin-off in its marketing and information services to the industry. Such growth potential is not reflected fully in the placing price which emphasises the company's income attractions with a generous 7.5 per cent yield. That factor, coupled with the small size of the issue should ensure that the shares get off to a good start.

USM flotation for Addison

THE LATEST design and public relations consultancy to seek a public flotation is Addison Communications which comes to the USM by way of a placing of 1.15m shares, capitalising the company at £6.3m.

Addison Communications is the holding company of Addison Design, Addison Financial Strategy and Addison Marketing, formed after the merger in July 1984 of two companies, Addison Design and Financial Strategy, founded by Stephen Smith and Anthony Knox respectively in 1978.

The group concentrates on corporate and financial communications, designing annual reports and other publications, providing full public relations advice to clients and drawing up corporate identity programmes.

The trading records of Addison Design and Financial Strategy have been combined for the prospectus, showing a growth in pre-tax profits from £153,000 to £275,000 in the year to December 1983 on turnover up from £1.29m to £2.07m. The directors forecast a pre-tax profit of at least £510,000 for the current year.

The prospectus breaks down the trading record between the two businesses to show that Addison Design has been the main profit earner making £230,000 last year compared with £45,000 from Financial Strategy.

The company has strengthened its management team with the appointment of Susan Webster as financial controller who spent two years as group chief accountant of the quoted public relation company Good Relations. Peter Hughes managing partner of management consultants Annan Impey Morrish has been appointed a non-executive director.

The group expects to improve profitability through the combined resources of the companies.

Addison Communications has over 100 clients and hopes to attract new clients as businesses become increasingly aware of the value of good corporate and financial communications. It plans to expand its range of services both through recruitment of staff and through acquisitions.

Of the 1.5m shares being placed at 116p per share, 400,000 are new shares to raise around £300,000 for the company. The shares at the placing price give a prospective PE of 21.9 and a yield of 1.72 per cent.

Phillips and Drew are brokers to the issue and dealings are expected to begin on October 10.

Paint division lifts Leyland

DESPITE DIFFICULT trading conditions in its main markets, Leyland Paint and Wallpaper has returned to profitability in the first half of 1984 with a turnround of just over £1m at the taxable level.

The result, including a sharply increased contribution from related companies at £270,000 (£108,000), was a surplus of £343,000 against a comparable loss of £681,000. The improvement was forecast at the last year end, and represents a recovery from the losses sustained in the past two years.

Mr G. A. Thomas, the chairman, says that continuing progress is being made, particularly in the paint division, but warns that trading will continue to be difficult for the rest of the year.

Earnings per share are quoted at 1.4p (loss 4.6p). There is no resumption of dividend payments, last made for the 1981 year.

The improvement was achieved despite a fall in turnover from £17.57m to £13.22m, producing a trading profit of £400,000 (loss £340,000). Interest took less at £327,000 (£449,000).

Because of previous years' losses, no tax charge is expected to arise for the group, but tax attributable to related companies is stated at £105,000 (£49,000). An extraordinary debit—net loss on disposal of property, unused property costs and rationalisation—amounted to £146,000 (£287,000).

The chairman adds that plans are being implemented to modernise the paint plant. Nine new trade centres have been opened and there are plans for further expansion in the current period.

A "particularly encouraging feature" has been the export sales of paint which have exceeded budget and are expected to continue doing so.

W. Tod beats forecast and has record orders

W. & J. Tod, the subsidiary of C. H. Beazer which was floated on the USM in March, achieved full year taxable profits of £565,000, compared with £375,000 last time and a prospectus forecast of at least £540,000.

Shareholders are set to receive the promised single final dividend of 1p net per 5p share in respect of the 12 months to June 30 1984 and are told by Mr Brian C. Beazer, the chairman, that the company's current trading is buoyant and order books are at record levels.

The company designs and manufactures glass fibre reinforced plastic sonar domes and other items for both surface ships and submarines. Beazer, which still retains a 65 per cent stake, bought Tod as part of the Westbrick group for which it paid £3.8m.

Turnover for the year under review advanced from £2.09m to £2.36m and Tod intends to use its cash resources—£1.6m at the year end—to expand its Weymouth and Yeovil production facilities and to generate further growth.

● comment

The six-point jump in Tod's margins to 24 per cent is more a reflection of the chance bunching of payments for two or three export contracts than any underlying improvement in the profitability of existing projects. If Tod has a problem, it is that it dominates the UK sonar dome market at a time when the number of naval vessels being built is not expected to grow in the foreseeable future. That does not mean that Tod will not grow—indeed it plans to double its factory space by this time next year. Foreign navies are gradually switching from rubber and steel to glass reinforced plastic domes, allowing exports to advance to take up 31 per cent of sales. The group is also opening up non-sonar uses for GRP, as in making the casing for the Royal Navy's first type 2400 conventionally powered submarine, which should lead to Tod supplying up to a dozen vessels. It is also looking to acquire a related company in the defence business with the help of its £1.6m cash balances and possibly with the backing of Beazer. The shares were down 2p at 160p, 20 times stated earnings.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A. & C. Black .... int.	3†	Oct 30	3	—	9
Clifford's Dairies ..... int.	2.2	Nov 2	2	—	5.8
Comfort Hotels .... int.	0.25	—	0.22	—	0.74
S. R. Gent	2	Nov 20	—	3	—
Godwin Warren‡ ... int.	1	—	0.7	—	1.4
Ingall Inds.†	2.25	Jan 2	2.05	3.33	3.03
Laing Props. .... int.	2.5	Nov 23	2.25	—	5.5
Albert Martin ...... int.	1	Jan 3	0.75	—	2.25
North Brit. Canadian int.	1.9	Nov 12	1.9	—	5.7
Michael Peters‡	1.22	—	—	2	—
Phillips Patents	1.25	—	1.25	1.25	1.25
Raine Inds.	0.55†	Dec 4	0.47	0.75	0.64
Riley .... int.	0.7	Dec 18	2	—	4.2
Strong and Fisher	4	Nov 9	Nil	4	Nil
Torday & Carlisle§ int.	1.5p	Oct 30	Nil	—	Nil
W. & J. Tod‡	1	Dec 3	—	1	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Over-the-counter stock.

Aggregates help Amey rise 18%

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

Amey Roadstone (ARC) the construction materials subsidiary of the Gold Fields group, has reported record profits up by 18 per cent to £55.3m on increased turnover of £595.2m for the financial year to June 30 1984.

The company was the largest single contributor to Gold Fields' profits.

ARC's most profitable areas were aggregates, which, at £37.6m up from £33.4m, earned 68 per cent of the company's total profits, and its U.S. operations, which earned £11.1m profit, up 79 per cent on 1983.

Both profits and turnover on the group's precast concrete manufacturing activities improved, with profits up 10 per cent to £4.5m, and turnover was up 11 per cent to £47.2m.

Although turnover on contracting in the UK was up 53 per cent from £40.8m to £62.3m, largely owing to a £17m contract in the Falklands, tight margins on construction contracts meant profits stayed static at £1.6m.

ARC's least profitable activity was its Irish subsidiary, Spollen, with profits down to £0.2m from £0.5m on a turnover of £10.8m down from £11.5m, but there are no plans to sell.

ARC's joint venture with Tarmac to manufacture precast concrete roof tiles is due to come into production within the next year. The first tile factory is being established at Shepsted in Leicestershire and a second is to be set up on a site to the west of London. The venture has been set up to compete with existing market leaders Redland and Marley, said ARC chief executive Mr Charles Spence.

"An industry where two big companies had 75-80 per cent of the market between them is ideal to allow a competitor to come in," said Mr Spence. "We hope our arrival will be accepted in a sensible and orderly way and it's not our intention to lead to any decline in the price of tiles."

Logica shareholders raise £11m

BY WILLIAM DAWKINS

SHAREHOLDERS IN Logica, the UK's largest independent software company, have raised £10.9m, excluding expenses, from a placing of 2.9m shares.

The placing comes a week after the group's announcement that taxable profits had risen by 56 per cent to £5.22m in the year to June. The shares, representing 8.3 per cent of the total equity, were placed at 375p each, a 4.3 per cent discount to yesterday's closing price of 392p, down 3p.

Last October, the company raised £8.5m in new money from an offer for sale of 30 per cent of the equity by tender, which was almost three times oversubscribed at the 220p striking price.

Hoare Govett, Logica's brokers, yesterday placed 1.2m shares on behalf of the group's original institutional shareholders, and a further 1.7m for staff and directors. The combined stake of Logica's staff and directors has now been reduced from about 40 per cent to 35 per cent.

The directors, who now own between 17 per cent and 18 per cent of the company, are restricted by last year's flotation agreement concerning disposal of their original shareholdings for the next two years. They are, however, understood to have no further plans to dispose of shares in the foreseeable future.

UK COMPANY NEWS

Comfort nearly doubled halfway and 'confident'

Comfort Hotels International has almost doubled its pre-tax profits during the 28 weeks ended July 15, 1984.

The group's main activities include 22 hotels in the UK and overseas, Londonderry Estates, which is primarily a property development company, and Dayville's Ice Cream.

On turnover up by 30 per cent from £14.36m to £18.72m, the company achieved profits of £1.01m compared with £572,000 last time.

The net interim dividend is being lifted from 0.22p to 0.26p. A total of 0.74p was paid last year on profits of £2.36m. First half earnings per 10p share were stated at 1.13p against 0.74p.

Comfort, which is negotiating the disposal of its 86.7 per cent interests in Strikes Restaurants to Garfunkels Restaurants, is intending to use the proceeds from this transaction, if finalised, to further the company's mainstream business, and expand its catering activities on a selective basis.

A number of negotiations are well advanced which should lead to further expansion of the company's hotel interests.

In addition, Mr Henry J. Edwards, group chairman, reports that the acquisition of the 320-room Wembley International Hotel has been completed, and work has begun on the first three Comfort Lodges at Livingston, near Edinburgh, Swansea and Basingstoke—all due to open by mid-1985.

He says that trading to date is "most satisfactory" and record profits for the current year are confidently expected. The second half of the year is the more profitable due to the seasonal nature of the company's activities.

Tax took an increased £243,000 (£48,000), and minorities £36,000 against £15,000. After dividends the retained surplus was significantly higher at £579,000 compared with £201,000.

● comment

A strong base in London sets **Comfort Hotels** apart from most other groups. With 2,000 of its 3,500 rooms in the capital it is well placed to make the most of the current boom which shows every sign of continuing for as long as the dollar is strong. The group is reducing its reliance on tour operators by attracting more commercial and independent travellers. It is also expanding outside the capital and on the Continent, as recent London disposals, and purchases elsewhere demonstrate. Comfort is better placed to fund this activity than before, though it has excluded details of interest charges for the first time in this announcement. Nevertheless, the improvement must be due at least in part to lower financing costs following disposals late last year. Net borrowing will stand at about £17.5m, after the receipt of £2.5m from the Strikes sale. For the year, Comfort should beat £3.5m pre-tax, which on a 25 per cent tax charge puts the shares, down 1p at 47½p, on a multiple of just under 13, about right for the sector and in line with a 47p estimated net asset value.

Profits climb 64% at M. Peters

A FURTHER record year, with significant increases in turnover and profit, has been achieved by **Michael Peters Group**, a design consultancy which joined the Unlisted Securities Market last November.

On turnover up by 57 per cent to £2.92m, pre-tax profits increased by 64 per cent, from £329,000 to £541,000 for the year ended June 30 1984.

Mr Michael Peters, chairman, commenting on the results, says that the "even greater demand for the group's services has meant that last year's cautious optimism has been more than fulfilled."

The directors are proposing a final dividend of 1.215p making a total for the year of 2p, which is 12 per cent more than the 1.785p forecast in the prospectus of October 1983.

Earnings per 25p share were also shown as up sharply, from 3.66p to 5.2p, a 42 per cent increase.

Each of the group's companies achieved substantial increases in both turnover and profitability, says Mr Peters, and growth in areas of new product development, retail design and corporate identity has been especially pleasing.

The group has extended its range of services during the year and its "rigorous marketing and creative disciplines" Mr Peters adds, have been rewarded by a number of awards and recognitions.

In addition, the group operates in a fast-growing market, both in the UK and overseas, and the directors remain confident about the group's future success.

Retained profits for the year were £146,000 (£109,000).

● comment

Michael Peters' share price has risen sharply recently on perhaps over-optimistic expectations of yesterday's figures. A mere 64 per cent increase in taxable profits sent the price down 5p to 183p in a thin market. Gross margins have widened a point to 18.5 per cent thanks to the interest received from the rights issue proceeds, but at the trading level they have slipped slightly, reflecting a 75 per cent increase in staff. Overheads will be further enlarged following a recent move into new offices, but there are sound reasons for Michael Peters' physical expansion. Its market is expanding fast as more retailers perceive the cost-effectiveness of packaging and shop design in relation to advertising, and the group argues that it is well able to hold off the competition because it offers a wider range of services—from annual report design to brand origination—than many of its more specialised brethren. Around £750,000 pre-tax looks in reach for the current year, which puts the shares on an apparently steep earnings multiple of almost 26, assuming a 47 per cent tax rate. However, the group has one or two major contracts up its sleeve which could make the current rating look reasonable.

Improvement at Albert Martin

PRE-TAX profits of Nottingham-based clothing manufacturer, **Albert Martin Holdings**, increased from £238,000 to £417,000 in the first half of 1984, on turnover of £16m, against £13.94m.

The directors expect that for the year as a whole the group will show considerable progress over 1983 and that a satisfactory outcome will be achieved. The net interim dividend is increased from 0.75p to 1p—last year's total was 2.25p on £715,000 taxable profits.

The company's factories, both in the UK and abroad are currently operating at a high level of capacity. Forward orders are good, the directors state, although the external pressure on margins remains.

Operating profits for the half year advanced from £556,000 to £704,000, with a very satisfactory increase both at home and overseas.

The improvement in the UK was achieved through higher demand from the company's major customers and increased internal efficiency. The result from its overseas operations benefitted from further development and utilisation of production capacity in the Sri Lanka factory.

Finance charges for the period were down from £318,000 to £287,000, reflecting a lower level of interest rates. Borrowing levels have remained within the company's targets.

Tax was £14,000 higher at £98,000, minorities took £68,000 (£52,000) and there was an extraordinary debit this time of £61,000, being the costs incurred in defence against the offer from Wilson and Co. which lapsed in May.

● comment

Albert Martin did not have to work too hard six months ago to see off the unwelcome attentions of Hong Kong's Wilson but the latest figures suggest it had some ammunition at hand just in case. Interim profits are up 27 per cent and, with previous domestic losses to carry forward to limit the tax man's take, earnings per share are doubled. The biggest improvement came at home with the operating level nearly £90,000 higher at £322,000. It may be a margin of only 2.3 per cent but at least it is heading the right way. Overseas a new factory in Sri Lanka has made a positive contribution rather than adding the dead weight of development costs and profits are £60,000 higher. Margins are a couple of points lower but still fat by UK standards at 17.8 per cent. Assuming profits of £1m this year earnings per share should come out at 7½p for a prospective multiple of 7 at 53p and the yield could be around 8 per cent. Shareholders were right to reject Wilson's overtures—now Martin's management must prove that decision right over the longer term.

COMPANY NEWS IN BRIEF

Associated Dairies Group has paid £111,875 in compensation to Mr J. D. Fletcher who resigned from the board in May.

Mr A. N. Stockdale, group chairman, says that trading prospects to date in the current year are "most encouraging." The AGM will be held at 2.30 pm on October 31 at the Headingley Pavilion, Leeds.

* * *

N. M. Rothschild will tomorrow be offering for sale 3.85m shares of **Iceland Frozen Foods**, a multiple retailer of frozen foods.

The company has 81 stores around the country and operates a central cold storage and warehousing facility and its own distribution fleet.

The shares at 210p a share give a market capitalisation of £30m. The prospective p/e is 11.9 times and the yield 4.1 per cent. A full comment and prospectus will be published in the Financial Times tomorrow.

* * *

The interest rate for this week's issue of local authority binds is 10⅝ per cent, down ⅛ of a percentage point from last week and compares with 9¾ per cent a year ago. The bonds are issued at par and are redeemable on October 9 1985.

A full list of issues will be published in tomorrow's edition.

* * *

Pre-tax profits at **Laing Properties**, an investment company based in Watford, were up by £0.5m at £6.1m for the six months to June 30, 1984.

Investment income from portfolio and other propertites increased from £7.9m to £10.8m, whereas trading income was down at £1m compared with £1.5m.

The directors are lifting the interim dividend from 2.25p to 2.5p per share. A total of 5.5p was paid out last year on taxable profits of £11.1m.

The directors report that progress has been generally satisfactory, both in the UK and in North America, and the outcome for the full year is expected to show a reasonable improvement over 1983.

* * *

The offer for sale of 41m shares in **Wates City of London Properties**, has been oversubscribed with around 50m shares applied for.

The company, which specialises in office properties in the City of London is capitalised at £78.5m at the 100p offer price and is raising around £39.2m.

Morgan Grenfell will announce the basis of allocation of shares tomorrow.

* * *

All subsidiaries of **Ecobric Holdings** have improved their performance during the six months to July 31 1984 says company chairman, Mr L. E. Jones.

Group profits rose from £103,000 for the half year to March 31 1983 to £120,000 for the half year under review.

Turnover for the group, which has interests in cast iron processing, fire extinguishers and demolition contracting, increased by £448,000 to £2.35m.

Earnings per £1 share, quoted on the Unlisted Securities Market, rose from 5.6p to 8.7p. Tax took a lower £19,000 (£37,000), and there was an extraordinary debit of £10,000 arising from the closure of Hazard Controls in March.

* * *

Net asset value at the end of the four-month period to end-August 1984 at **Baillie Gifford Technology** was 58.5p per ordinary share. This compares with the initial subscription of 65p per share, out of which the expenses of the issue of £411,000, of 3.7p per share, were paid.

There is no interim payment, but a single payment will be made in June 1985. Earnings per share are quoted as 0.42p.

Gross investment revenue was £129,707, from which £46,337 was available for ordinary shareholders. Tax accounted for £29,720.

* * *

In its first results since coming to the USM last July, **Britannia Security Group** has made £357,000 pre-tax in the year to June 30 1984, some £7,000 above the prospectus forecast.

As previously stated, there is to be no dividend for the year under review. Earnings are quoted at 5.58p per share.

Turnover amounted to £2.7m (£792,000) for this supplier of security systems. Tax came to £2,000 (nil).

* * *

First results from **Adam & Co**, the recently estabilshed deposit-taking institution in Edinburgh, show that it made a pre-tax profit of £89,631 between May 9 and June 30.

But the cost of setting the operation up was £289,063, leaving the company with a deficit of £212,703 for the period. Taxation was £33,271. The institution's balance sheet totalled £6.8m, of which £5.6m was share capital subscribed by the founders.

Adam, which aims its services at the quality banking market, has opened just over 500 accounts and has received some £1.3m in deposits. Mr Gordon Henry, the chairman, reports to shareholders that the company "is now functioning effectively and efficiently."

LADBROKE INDEX

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BIDS AND DEALS

Unilever gets OFT green light for Brooke Bond bid

BY RAY MAUGHAN

THE MARKET price of **Brooke Bond** shares mitigated against further purchases by Unilever, a major international food manufacturing company, but Unilever received confirmation from the Office of Fair Trading (OFT) that the proposed £355m merger will not be referred to the Monopolies Commission.

A reference had never been expected to be a significant hurdle for Unilever since the two companies' tea operations barely overlap and even Brooke Bond, the tea and Oxo cube group, recognised the complementary nature of their respective packaged grocery interests.

Bid clearance from the OFT does, however, rule out Tate & Lyle's lingering hopes of continuing with its earlier £320m cash and equity offer and it must now be supposed that the sugar refinery group will bow out as Unilever extends its terms until October 19.

Brooke Bond shares climbed 1p yesterday to 116p—2p above Unilever's cash terms—which ruled out any chance that Unilever would build on its earlier market purchases amounting to 10.2 per cent of Brooke Bond's capital.

Over its first three weeks of the offer Unilever had received acceptances from holders of 4.2 per cent of Brooke Bond's equity, giving the bidder an aggregate total of 14.4 per cent.

Unilever has given no indication that it will bid higher and expects to write to Brooke Bond shareholders shortly to the effect that 114p is a generous take-out price. While its principal interest is centred on Brooke Bond's UK and European packaged grocery interests, the letter will attempt to show that the increased tea auction prices add up not so much to a higher and sustainable profits base, as the defence has declared but will lead to a lower quality of earnings.

But Unilever does intend to answer one of Brooke Bond's most frequent criticisms of the structure of the offer by putting in a loan note alternative for high tax paying accepting shareholders.

Belgrave expands property side

BY CHARLES BATCHELOR

Belgrave Holdings, the West Midlands engineering and property group headed by Mr Abdul Shamji, the Ugandan Asian businessman, is buying four London hotels and a Leicester office property for £4.75m in a major expansion of its property division.

At the same time, Gomba Holdings UK, the company which groups Mr Shamji's private interests, is to sell the Wembley Hotel International and two small development properties to Belgrave to maintain Gomba's holding in Belgrave at 32.5 per cent.

Belgrave will issue 3.4m of its own shares at 141p per share to acquire the Hyde Park Towers, Eden Park Hotel, Hotel Julius Ceasar and the Kensington Inn, as well as the Thames Tower office property in Leicester.

These properties have been valued independently at £13.2m les mortgages attached of about £6m. The Wembley Hotel and the development properties Gomba is selling to Belgrave have been valued at £12.1m less mortgages of £6m. Wembley Hotel has net current assets of about £1.6m.

The current owners and managers of the four London hotels are Mr Rasik Rabheru, an Indian businessman who came to Britain from Tanzania, and his son Anant. Both will join the Belgrave board.

The £7m purchase price to be paid by Belgrave for the Wembley Hotel will be met by the issue of Belgrave shares at 141p.

The Wembley Hotel will continue to be managed by Comfort Hotels International on a 20-year lease, reviewable every five years. Leases on the other hotels will be granted to a company provisionally called Park Hotels of London, whose directors are the Rabherus.

These leases will be for 20 years at an aggregate rental of £1.15m plus 2.5 per cent of their net profits subject to a five-yearly review. Belgrave will spend up to £350,000 on refurbishing the hotels.

Completion of the deal will give the vendors, Vetaur and Larskila Investments SA, private foreign companies, in total 23.4 per cent of Belgrave's issued share capital. For up to 12 months after completion they must offer any Belgrave shares they wish to sell to the Belgrave board to nominate a purchaser.

This is the second large property-related deal to be carried out by Belgrave. In February it paid £7m for Hales Properties Group, a Birmingham property developer and investor.

Belgrave's shares closed 2p lower yesterday at 138p.

Olsen has 17.5% Nimslo stake

BY CHARLES BATCHELOR

FRED OLSEN, A Norwegian shipping group, has effectively bought out the remaining **Nimslo International** shareholding of Dr Jerry Nims, the joint founder of the 3-D camera group, and increased its own stake from 12.8 to 17.5 per cent.

Fred Olsen, part of the business empire of the reclusive Norwegian tycoon of the same name, has bought a further 5.07m Nimslo shares — including 2.5m from Dr Nims — and now owns 19.13m shares.

This purchase leaves Dr Nims, who stepped down as chairman a month ago, with just one share, according to the holding credited to him in Nimslo's 1983 annual report published in June.

Nimslo's revolutionary 3-D camera has not caught on with the amateur photographer and a cheaper replacement is planned for 1986.

However, Nimslo is continuing its expansion into the professional market where it sees greater opportunities in the short-term. Last week it announced a cut in pre-tax losses in the six months ended June 1984 from $8.5m to $3.1m on turnover down at $10.8m against $11.2m. No dividend was declared.

BIDS AND DEALS IN BRIEF

Triplex has sold its Midland Mechanical Developments subsidiary to the S.E.P. Group.

* * *

Enstar Corporation shareholders haev approved its merger with a subsidiary of **Unimar Company**. Approximately 17.8m of 18.5m common shares and convertible prefrred shares cast were voted in favour of the merger. Around 25.4m common and convertible preferred shares were eligible to be voted at the meeting.

The merger, which has now become effective, complets a transaction which began in late June with Unimar's successful, $20 per share tender offer for 14.3m Enstar common shares.

* * *

United Packaging has acquired all rights in Cotlon, a fibrillated polypropylene yarn, from Plasticisers of Bradford. The product is said to be cheaper than the fibres generally used in the packaging industry, especially cotton.

* * *

Physics Trust Publications, one of Europe's leading publishers of books and journals on physics, has merged with the **John Wright Group**, publisher of medical, dental and veterinary books. Both companies are based in Bristol.

* * *

Combined English Stores—Stake shares and rights over shares held in discretionary investment portfolios managed by, or on advice from Warburg Investment Management, including investment portfolios held for their own account by members of the Mercury Securities group, have been increased by 300,000 ordinary and now total 8,631,496 ordinary shares (6.26 per cent of total voting rights).

* * *

Mr James Gulliver has sold 410,432 ordinary shares in **Argyll Group**. The sale was to raise funds to eliminate the borrowings incurred in connection with the merger of Argyll Foods and Amalgamated Distilled Products and to provide for forthcoming tax liabilities.

Mr Gulliver is now beneficially interested in 5.16m ordinary shares in Argyll and no further disposals are anticipated in the foreseeable future.

* * *

Talks are going on which are expected to result in **Greenall Whitley** acquiring the capital of **Cellar 5**, the second largest private off-licence company in the UK, with 170 shops in the North and Midlands.

Greenall Whitley already has 130 off-licence shops trading as Drew Wine Cellars.

Management and staff of Cellar 5 would be retained.

A further announcement is expected within the next two weeks.

* * *

Hongkong and Shanghai Bank and Millbourn (Holdings), a London-based holding company with interests in automotive distribution, transportation, photo-finishing and property development.

The stake, which amounts to 4.98m shares, was acquired by Wardley International Bank, a subsidiary of HK and Shanghai.

Tozer has been informed that the holding acquired would be an exempt security interest within the meaning of the Companies Act 1981 if Wardley were a recognised bank or licensed institution within the Banking Act.

* * *

Booker McConnell has reached agreement with **BAT Stores** to acquire its **John Quality** chain of convenience stores for the sum of £800,000 plus stock.

The chain consists of nine stores in Belmot Circle, Benfleet, Bordon, Dagenham, Eastwood, Haslemere, Hendon, Walton and Woodford.

* * *

Tarmac has further expanded its U.S. operations with the acquisition of two Texas-based businesses for a total consideration of $16.5m (£13.3m), to be satisfied by the issue of 3.05m ordinary Tarmac shares.

Chico is a limestone quarry operator, and **Cen-Tex** is an integrated ready mix concrete, sand and gravel trucking business.

* * *

Hargreaves Group will purchase the entire issued share capital of **Peter Andrew**, a privately owned company engaged in the waste disposal business in Lancashire and adjoining counties.

The purchase consideration will be the amount of the adjusted net assets of Peter Andrew as shown at October 1 1984, estimated to be in the region of £500,000. Of this £175,000 is to be satisfied by the issue of ordinary shares in Hargreaves and the balance in cash.

* * *

The recommended offer by **Tunstall Telecom Group** for **Manford and White** has been accepted by holders of 2,933,243 ordinary shares (90.95 per cent).

Tunstall owned 30,000 shares prior to the announcement of the offer on August 24 and has not acquired any shares during the offer period. Dealings in the Tunstall ordinary shares of 5p each will commence on October 3.

* * *

Cockman, Copeman & Partners, a 51 per cent subsidiary of **Aldcom International**, has entered into a contract to acquire a 76 per cent interest in **AGC Consultants**.

The initial consideration payable by CC & P amounted to £57,000 in cash. A further sum will be payable based upon the average annualised pre-tax profits for the period to December 31 1986.

* * *

British Syphon Industries has sold its subsidiary, Guion & King, general printer in Sheffield, to Mr J. H. Daly, the offshoot's managing director, for £135,000 in cash.

* * *

East Midland Allied Press has completed the acquisition for £960,000 of the **Grantham Journal Company**, which publishes the weekly Granthan Journal.

In the year to June 30 1984 Grantham made pre-tax profits of £93,703 on turnover of £729,227. At the balance sheet date its net tangible assets were around £545,000, including cash balances of about £100,000.

The consideration has been satisfied by a cash payment of £462,034 and the issue of 556,825 new EMAP (limited voting) ordinary shares.

* * *

Link House has acquired **Lionel Leventhal, T/A Arms and Armour Press**. The purchase price is £600,000 in cash payable on completion and a further sum up to a maximum of £150,000 relating to the profits in years ending June 30 1985 and June 30 1986.

A and AP are specialist publishers in the military field

Book value of net tangible assets acquired as disclosed in A and AP's balance sheet at June 30 1984 was £350,000. Pre-tax profits before for the 23 months ended on the same date were £321,000.

MINING NEWS

ZCCM on Zambian need to diversify from copper mining

BY KENNETH MARSTON, MINING EDITOR

NO MINES last for ever and Mr Francis Kaunda, chairman of **Zambia Consolidated Copper Mines (ZCCM)**, points out in the annual report that the economic life of some of Zambia's Copperbelt mines is limited.

"Therefore, there is need for the country's diversification efforts to be accomplished within a relatively short time span," he says, adding: "This is a national issue whose gravity should be appreciated."

ZCCM, in which **Zambia Copper Investments** has a stake of 27.3 per cent, did better in the year to March 31 with a pre-tax profit of K97m (£40.4m) compared with a loss of K123m in the previous 12 months. After the taxes and equity levy the net profit was K1m against a loss of K127m.

The company is carrying a heavy burden of debt which was increased in the past year by K200m as a result of the impact of Zambia's devaluation on the company's foreign loans. Because of this ZCCM is once again under pressure to comply with some covenants in its loan agreements.

Zambian Government loans have been subordinated and a rehabilitation programme for equipment replacement and training, which will cost about $300m, is largely being financed by the International Bank for Reconstruction and Development, the European Economic Commission and the African Development Bank.

ZCCM received higher metal prices in 1983-84 but they remain low in real terms and efforts are being concentrated on keeping costs in check and obtaining the maximum benefits from existing resources.

Among measures being taken is a project for the extraction of copper from tailings (waste) which until fairly recently could not be treated. It is expected that from mid-1986 the project will produce 520,000 tonnes of copper at relatively low cost over the following 15 years. The company's normal production in 1983-84 was 551,021 tonnes.

Mr Kaunda points out that the rescheduling of loans is only a temporary relief as they will have to be repaid eventually. More lasting solutions for the weakness of the company's balance sheet are being sought and several proposals are being considered.

The Zambian Government holds 60.3 per cent of ZCCM and other shareholders include **Amax** with 6.9 per cent.

Dealings suspended in Messina shares

TRADING was suspended in Johannesburg and London yesterday in shares of **Messina**, the South African copper mining and industrial group. The company stated that negotiations had commenced which could affect the value of the shares and that a further announcement would be made as soon as possible.

Last month Messina said that negotiations had reached an advanced stage for the sale of all the company's mining interests in Zimbabwe, including the investment in **MTD (Mangula)**, to the **Zimbabwe Mining Development Corporation**.

The consideration, it was stated, would be in the form of non-resident Zimbabwe Government bonds bearing interest at 4 per cent and redeemable in foreign currency in equal annual instalments over six years. Messina added that the sale would have no significant effect on the company's earnings.

In August, Messina reported a net loss of R4.08m ($1.97m) for the first half of this year, mainly as a result of heavy interest charges, the fall in the value of the rand and a reduction in copper output. It was decided to omit payment of both interim and final dividends for the year.

Prior to their suspension, shares of Messina were unchanged at the previous night's closing price of 145p.

Good second six months lifts Ingall to £0.84m

An advance of some £100,000 over the second six months enabled **Ingall Industries** to lift its pre-tax profits for the full year to end-June from £698,000 to £842,000.

As forecast last April in the interim report the dividend for the year is being increased by 10 per cent to 3.33p net per 10p share on the enlarged capital by a final of 2.25p.

Turnover improved from £5.07m to £6.39m—the group's principal activity is funeral directing. There was a £40,000 rise in interest charges to £138,000 and a £136,000 rise in tax to £366,000.

A £100,000 provision for deferred tax was balanced by a transfer from reserves. Available profits came through £260,000 lower at £476,000 although the comparable figures benefited from a credit of £214,000 being deferred tax no longer required.

Earnings per share are stated at 6.09p, compared with 6.57p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Brown and Jackson, Caparo Industries, Dataserv Inc., London and Manchester, Richards (Leicester), Sound Diffusion, Triplevest, Weber, Whittington International.

Finals:—Amstrad Consumer Electronics, Bravila Europe, English Property Corporation, Marler Estates.

FUTURE DATES

Interims:—

Berry Pacific Fund	Oct 10
Bilton (Percy)	Oct 5
Campari International	Oct 5
Clive Discount	Oct 10
Fisherman's Petroleum	Oct 5
GT Dollar Fund	Oct 10
Harrison (T. C.)	Oct 5
Hay (Norman)	Oct 11
London and Northern	Oct 11
Reed (Austin)	Oct 4
Scottish Mortgage and Trust	Oct 17
Selincourt	Oct 16
Smaller Companies Intnl Tst.	Oct 16
Time Products	Oct 10

Finals:—

Burndene Investments	Oct 8
Cocksedge	Oct 11
Highland Distilleries	Oct 18
Lewtex	Oct 9
Peterson Zochonis	Oct 16
Photo-Me International	Oct 11
Sanderson Murray and Elder	Oct 10

Residential Property—London

BARBICAN at the top.

A most desirable residence in the City

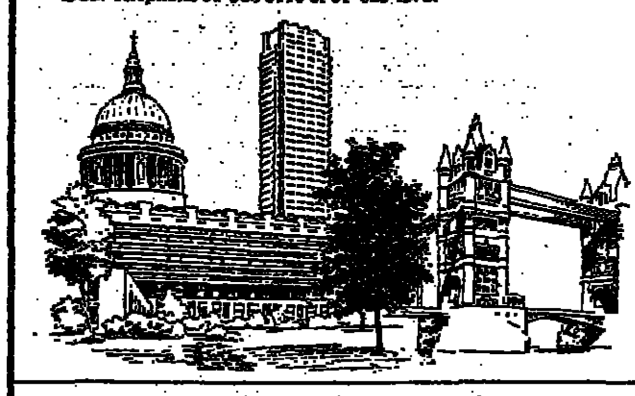
In the past, if you were 'somebody in the City' your place of business would be the last place you'd look for a 'most desirable residence' to make your home. 'Barbican at the top' has changed all that.

Now some of the most prestigious homes ever built in London have made it possible: the 'Penthouses' at the top of the three towers that rise from the secluded precinct of the Barbican.

These 2 and 3-floor apartments, over 400 feet above the world's busiest money market, are among the highest in Europe. In a class apart, they are built for total space-age comfort: spacious living rooms, terraces and balconies, commanding some first-time-ever views of London and beyond. Most have 4 bedrooms some 5 — and almost as many bath and/or shower rooms. The largest have conservatories or roof rooms large enough for billiards or table tennis.

With the bonus of the Arts literally on the doorstep in the Barbican Centre below, 'Barbican at the top' has a unique luxury package to offer anyone who wants to enjoy life to the full — in the City.

For further details and an appointment to look around write or telephone the Barbican Manager, Barbican Estate Office, London EC2. Telephone 01-588 8110 or 01-628 4372.



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SOMERSET SQUARE, W.14. £360,000 [illegible]

CAMPDEN HILL RD, W8. £115,000 [illegible]

ON THE RIVERSIDE, W6. £275,000 [illegible]

MAYFAIR [illegible]

HORBURY ST., SW10. [illegible]

PARK PLACE VILLAS, W2. £750,000 [illegible]

CUMBERLAND TER, NW1. £85,000 [illegible]

MILNER STREET, SW3. £72,500 [illegible]

PORTLAND ROAD, W11. £149,500 [illegible]

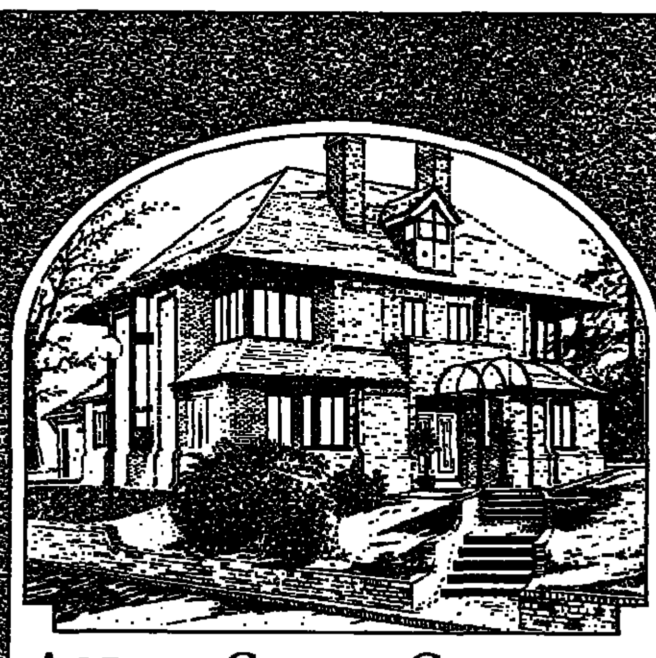
CHELSEA GREEN, SW3. £167,500 [illegible]

CRESTA HOUSE, NW3. £70,000 [illegible]

HIGHBURY FIELDS, N5. £120/£125,000 [illegible]

ELM TREE ROAD, NW8. £450,000 [illegible]

JOHN D. WOOD & CO. at BATTERSEA, CHELSEA, FULHAM, KENSINGTON, MAYFAIR, REGENTS PARK & WESTBOURNE GROVE



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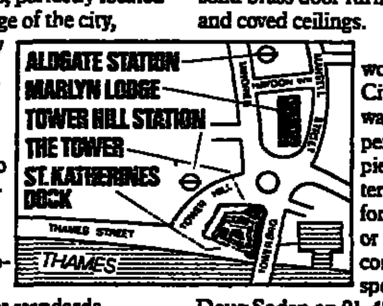

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BARBICAN, EC2 — Choice of Flats for Sale on long leases. From £37,500. Also some flats to let fully furnished. [illegible]

LUXURY 1 BEDROOM FLATS, Clifford's Inn, City of London, EC4. To let. [illegible]

PARKSIDE, KNIGHTSBRIDGE, SW1 — Flats for sale. See display for Parkside in Rentals Section of Mellersh & Harding.

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Excellent property in exceptional order, lavishly restored and decorated. Many period features, dbl recep, fit kit, master bed & shower, 2 further beds, bath, cb, garden FREEHOLD with income. £198,000 — 581 3771.
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Only 6 years old, modern flat with large terrace 30ft x 18ft in quiet 1st floor position. 3 Bedrooms, 2 Bathrooms (1 en suite). Reception and large Kitchen. 24 hour porterage. Garage. 81 Years.
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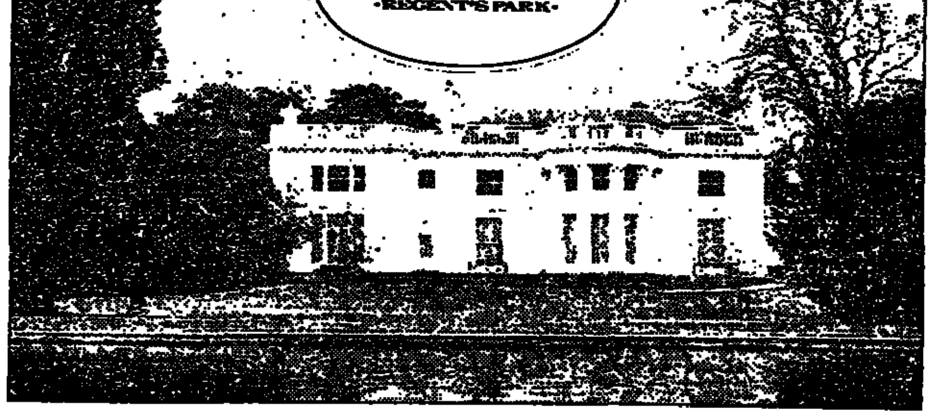
Luxury apartments overlooking the Thames

FINAL ANNOUNCEMENT

THE HOLME
·REGENT'S PARK·



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Residential Property—Rental

Overseas

Motor Cars

Company Notices

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER PAYMENT OF COUPON NO. 98

With reference to the notice of declaration of final dividend advertised in the press on September 26, 1984 the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 16 cents was declared in United States currency. The dividend on bearer shares will be paid on or after November 13, 1984 against surrender of coupon No. 98 detached from share warrants to bearer as under:

(a) at the office of the Corporation's Continental paying agent: Credit du Nord, 6-8 Boulevard Haussmann, 75009 Paris;

(b) at the London Securities Department of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX. Unless persons depositing coupons at such office request payment in United States dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:

(i) in respect of coupons lodged on or prior to November 6, 1984 at the United Kingdom currency equivalent of the United States currency value of their dividend on October 26, 1984, or;

(ii) in respect of coupons lodged on or after November 7, 1984 at the prevailing rate of exchange on the day the proceeds are remitted to the London Securities Department of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX.

Coupons must be left for at least four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Securities Department of Hill Samuel & Co. Limited, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend, after deducting United Kingdom Income Tax at 30%, will be 11.20 cents (United States) per share.

In the case of payments made in United Kingdom currency the sterling equivalent of the net dividend will be calculated in accordance with sub-paragraph (b) above.

For and on behalf of
CHARTER CONSOLIDATED P.L.C.
J. C. Greensmith
Companies Secretary

London Office:
40 Holborn Viaduct
London EC1P 1AJ
October 3, 1984

RORENTO

RORENTO N.V.
ST MARTIN (NETH. ANTILLES)

EXTRAORDINARY SHAREHOLDERS' MEETING

to be held at the offices of Rorento N.V., Cornelis Bergholein 6 Willemstad, Curacao, on Friday, 19 October 1984, at 11.00 a.m.

AGENDA

1. Opening.
2. Appointment of a Managing Director.
3. Closing of Meeting.

Additional information can be obtained from Avirento B.V., Heer Bokelweg 133, 3032 AD, Rotterdam, Netherlands, also from National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ.

Holders of Share Certificates to Bearer desirous of attending or being represented at the Meeting, should lodge their share certificates, by hand, (postal deliveries will not be accepted for voting purposes), with the National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ (between the hours of 10 a.m. and 2 p.m.) in exchange for a receipt, not later than Friday the 12th day of October 1984.

Beneficial owners whose share certificates are presently deposited with a bank must obtain a Certificate of Deposit signed by that bank as evidence that such bank is holding the share certificates. The Certificate of Deposit must be lodged against receipt, by that bank, with the National Westminster Bank PLC, in accordance with the requirements stated above.

The receipt for the share certificates or Certificate of Deposit will constitute evidence of a shareholder's entitlement to attend and vote at the Meeting and should be presented at the door of the Meeting Hall. If a holder desires to appoint a proxy, who need not be a member of the Company, to attend and vote in his stead, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Hall together with the receipt for the share certificates or Certificate of Deposit.

Shareholders who maintain a Shareholders' Account with the Company, wishing to attend and vote at the Meeting, must signify their intention in writing to Rorento N.V., C/o Avirento B.V., Heer Bokelweg 133, 3032 AD Rotterdam, Netherlands, to arrive not later than Friday the 12th day of October 1984.

By order of the Management
Dated this 3rd day of October 1984.
ST MARTIN

Bond Drawings

SVERIGES INVESTERINGSBANK AB
(Swedish Investment Bank Limited)
US$15,000,000 7¾% Bonds 1980/87

S. G. WARBURG & CO. LTD., announce that the redemption instalment of US$1,500,000 due 1st November, 1984 has been met by purchases in the market to the nominal value of US$769,000 and by a drawing of Bonds to the nominal value of US$731,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

181	193	200	214	223	231	240	252	259	268
293	307	315	323	332	339	358	371	380	393
407	414	435	443	483	484	546	553	562	584
596	608	616	624	638	650	667	675	684	694
701	714	722	731	753	767	774	783	809	828
901	948	955	982	996	1005	1016	1025	1055	1066
1074	1082	1122	1139	1148	1187	1226	1253	1262	1275
1322	1337	1358	1371	1404	1424	1434	1442	1450	1464
1475	1483	1495	1513	1522	1542	1550	1568	1585	1593
1608	1616	1633	1643	1656	1669	1679	1719	1728	1736
1745	1753	1793	1822	1830	1864	1901	1909	1947	1955
1970	1978	1986	2008	2016	2023	2042	2051	2071	2126
2139	2166	2175	2183	2193	2202	2210	2218	2227	2235
2248	2265	2301	2308	2316	2325	2333	2341	2372	2381
2399	2414	2426	2453	2461	2471	2490	2506	2552	2580
2588	2605	2762	2811	2898	2962	3045	3054	3061	3069
3082	3091	3100	3108	3117	3136	3157	3225	3280	3292
3306	3326	3334	3342	3416	3424	3440	3451	3516	3623
3646	3656	3682	3690	3699	3707	3725	3733	3748	3753
3761	3800	3809	3817	3826	3873	3893	3937	3949	3960
4012	4044	4052	4060	4087	4095	4185	4217	4472	4480
4488	4562	4660	4676	4685	4720	4733	4742	4750	4758
4776	4788	4832	4856	4864	4884	4892	4902	4961	4970
5001	5009	5082	5089	5097	5118	5167	5194	5207	5214
5222	5231	5239	5252	5260	5323	5334	5369	5385	5393
5402	5410	5417	5426	5434	5445	5458	5475	5533	5541
5569	5578	5586	5595	5602	5610	5619	5629	5638	5670
5679	5687	5695	5705	5796	5878	5881	5888	5907	5915
5930	5951	5959	5968	6021	6030	6087	6095	6108	6115
6141	6771	6779	6788	6796	6804	6812	6820	6833	6842
6850	6859	6866	6889	6900	6917	6926	6933	6941	6960
6974	6982	6991	6999	7007	7021	7045	7053	7061	7077
7085	7093	7101	7109	7118	7173	7182	7248	7257	7279
7291	7300	7316	7324	7364	7383	7423	7442	7450	7457
7466	7474	7503	7511	7519	7528	7540	7569	7631	7665
7692	7700	7707	7716	7724	7732	7754	7762	7770	7793
7802	7810	7851	7869	7885	7893	7902	7912	7933	7942
7991	7998	8007	8015	8023	8032	8040	8048	8056	8064
8099	8107	8118	8125	8134	8142	8150	8159	8167	8176
8183	8191	8200	8208	8217	8225	8232	8241	8249	8257
8265	8274	8282	8290	8298	8336	8370	8378	8386	8394
8536	8544	8553	8564	8575	8599	8607	8618	8624	8632
8641	8652	8723	8732	8740	8764	8773	8780	8789	8807
8835	8844	8852	8859	8868	8876	8885	8893	8902	8910
8920	8949	8957	8965	8974	8982	8990	8998	9006	9015
9023	9032	9039	9047	9064	9072	9081	9088	9097	9120
9185	9213	9222	9240	9247	9255	9264	9306	9413	9421
9430	9646	9674	9688	9746	9755	9815	9835	9907	10098
10104	10158	10186	10192	10201	10209	10217	10226	10637	10644
10652	11022	11030	11038	11397	11405	11413	11421	11429	11437
11476	11484	11531	11540	11548	11556	11565	11573	11581	11589
11597	11606	11614	11623	11630	11678	11687	11695	11704	11712
11720	11728	11736	11745	11753	11761	11769	11788	11796	11804
11813	11821	11830	11837	11845	11965	12084	12093	12101	12109
12117	12125	12134	12142	12170	12179	12276	12284	12293	12301
12310	12318	12328	12334	12342	12405	12414	12422	12430	12438
12446	12455	12463	12472	12479	12487	12496	12504	12512	12521
12529	12537	12545	12553	12562	12570	12579	12786	12934	12962
12970	12979	12987	12994	13003	13011	13020	13028	13036	13044
13191	13200	13215	13224	13232	13241	13248	13256	13265	13273
13281	13290	13297	13306	13314	13372	13381	13389	13449	13457
13465	13524	13532	13541	13548	13556	13565	13648	13656	13664
13677	13685	13693	13702	13920	13928	13937	13954	13922	13931
13939	13946	13955	13963	13972	13980	13989	13997	14005	14013
14021	14029	14038	14046	14055	14063	14070	14078	14087	14095
14104	14112	14120	14128	14136	14145	14153	14162	14169	14177
14186	14194	14203	14211	14218	14227	14235	14244	14252	14260
14268	14276	14284	14293	14301	14310	14318	14326	14333	14342
14350	14359	14367	14375	14383	14391	14400	14408	14467	14474
14482	14491	14499	14613	14621	14629	14637	14715	14727	14735
14743	14752	14759	14767	14776	14784	14793	14801	14808	14817
14825	14833	14843	14851	14861	14869	14877	14885	14893	14902
14911	14918	14927	14935	14943	14957	14965	14973	14981	14989
14998									

On 1st November, 1984 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD.,
33, King William Street, London, EC4R 9AS,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st November, 1984 and Bonds so presented for payment must have attached all coupons maturing after that date.

US$5,000,000 nominal amount of Bonds will remain outstanding after 1st November, 1984.

The following Bonds previously drawn for redemption have not yet been presented for payment.

1st November, 1982

1560	2377	3063	3343	3831	5419	5697	11828

33, King William Street, London, EC4R 9AS

3rd October, 1984

Output cut fails to boost aluminium, Page 38

WALL STREET

Funding puts optimism in shade

A MORE confident mood emerged on Wall Street yesterday although the looming shadow of the U.S. Treasury's heavy funding programme kept trading subdued in both fixed-interest and stock markets, *writes Terry Byland in New York.*

The stock market pushed upwards through the Dow 1200 mark convincingly in the first hour. Support soon waned, however, and early gains were trimmed.

At the close the Dow Jones industrial average was down 7.62 at 1,191.36.

In the credit markets, the Federal Reserve checked a fresh rise in the Federal funds rate with the announcement of $1bn in customer repurchase arrangements when the rate touched 11⅞ per cent. But pressures inside the stock market were reflected in an increase by U.S. Trust in its broker loan rate fom 11¾ per cent to 12 per cent.

Meanwhile, the overwhelming vote in the House of Representatives for the increase in the Federal debt ceiling brought into closer focus the $40bn Treasury funding now overhanging the debt markets.

Stock market analysts are cautious while waiting for U.S. business corporations' third-quarter trading results. The slower economic pace is expected to manifest itself next week when the corporate reporting season begins.

Yesterday brought the disclosure that sales of single family dwellings fell by 8.1 per cent in August. However, Kaufman Broad, the leading housebuilder, turned in higher profits for the third quarter, putting the stock $⅛ ahead at $14⅜, but it also warned of some disappointment ahead.

Most of the market leaders chalked up modest gains, IBM at $123⅜ added $⅜, while AT&T at $19⅞ was ⅛ better. Atlantic Richfield advanced $¼ to $52, and Exxon $⅜ to $45⅜.

Ford hoping for progress at negotiations with the auto workers union, added $⅜ to $45⅞, and GM at $78¼ was $⅜ to the good.

After disclosing plans to sell its Cherokee Jeep model in Europe, American Motors put on $⅛ to $27⅞, after trading at $27⅝ earlier.

Although turnover in the stock market remained sluggish, there was no shortage of special features to enliven the scene. Stock in Bowater Inc. spun off this summer from its UK parent, Bowater Industries, fell $⅞ to $22⅞ after First Boston's successful pricing of the $75m convertible debentures, at a 9 per cent yield. The new debenture has increased the market capitalisation of the paper group and thus tended to discourage the hopes for a takeover bid, perhaps by Mr Rupert Murdoch or Sir James Goldsmith, which have been fuelling the stock price.

Other speculative issues included Allied Stores, which added $2¼ to $52, after $53. More than 1m shares in Allied, a long-standing bid favourite, have changed hands this week.

The personal computer sector remained under the cloud of Digital Equipment's admission of failure in the retail market. Digital lost a further $⅝ to $92¼. Commodore International, among the more aggressive of the players in the personal computer retail market, eased $⅜ to $27⅞. At $29⅜, Control Data shed $1⅜.

Wavering views on interest rates brought falls in bank stocks. J.P. Morgan slipped $1⅛ to $70⅞ and Chase Manhattan $1 to $42⅝.

In the credit markets, the Federal funds rate remained firm at 11⅞ per cent despite the intervention by the Federal Reserve. Other short-term rates also held firm, three-month bills at 10.25 per cent and six months at 10.33 per cent.

At the long end of the bond market, yields were slightly easier in thinnish trading. The key long bond, the 12.5 per cent of 2014, was priced at 101 7/32, a gain of 1/32.

LONDON

Confidence is slowly regained

THE RUMBLINGS of the Johnson Matthey affair echoed through London markets again yesterday, subduing activity in all but Government securities. However, the FT Industrial ordinary share index, which started 8.2 lower, closed 1.7 up at 858.6.

Johnson Matthey's listing was restored early in the day but at the much reduced level of 80p. Heavy trading developed, and the price rose to 103p before closing at 98p, a pale shadow of the pre-suspension level of 240p.

Gilt-edged stocks began marginally easier, but the market later encountered good domestic demand which enabled the authorities to sell.

Business broadened late to embrace both conventional and index-linked gilts, with longer-dated issues in the former category leading the advance. Some closed a net ¾ up on the session, while both the conventional shares and index-linked issues achieved gains stretching to ⅞.

Chief price changes, Page 32; Details, Page 33; Share information service, Pages 34-35

HONG KONG

HONG KONG marked time yesterday ahead of today's local holiday. Relatively quiet trading saw the Hang Seng index fall 4.09 to 985.10.

Sharply lower interim results by the Wheelock Marden group as well as financial difficulties in a number of property companies tended to depress the market.

Wheelock Marden A finished down 10 cents at HK$3.37 as investors took their first opportunity to react to the 48 per cent drop in profits.

Jardine Matheson, another group with sharply lower interim profits, lost a further 25 cents to HK$7.75.

In banks, Hang Seng was unchanged at HK$35, but Hongkong Bank slipped 5 cents to HK$6.65.

SINGAPORE

A LOWER trend was seen in Singapore, reflecting investors' unease over the recent performance of Wall Street. The Straits Times industrial index shed 7.79 to 885.64, but turnover rose to 7.7m shares from Monday's 5.8m.

Smaller speculative stocks fared slightly better than the rest of the market, and major shares in all sectors ended marginally lower.

Among actively traded issues, Dah Yung shed 8 cents to S$3.00, and Pan Electric closed unchanged at S$3.28.

SOUTH AFRICA

GOLD SHARES ended mostly easier in Johannesburg in thin trading, with the bullion price continuing little changed. Kloof shed 50 cents to R51.50 while a 25-cent decline was seen in Grootvlei at R15.50.

Other minings and financials were mixed, and in platinums Impala added 15 cents to R22 while Rustenburg was down 20 cents at R15.40. Diamond share De Beers added 3 cents to R8.83. Industrials were also mixed.

AUSTRALIA

SOME bargain-hunting was seen in Sydney, but a round of profit-taking left prices easier in quiet trading.

Properties and oil and gas declined while mining and banks were mixed. The All-Ordinaries index slipped 1.5 to 738.9.

Nicholas Kiwi rose a further 25 cents to A$4.65 as speculation continued of a bid from the U.S.

CANADA

A STRONG advance among gold shares led an upturn in Toronto, which was also aided by improvements in the oil and gas sector and in metals and minerals.

Montreal saw a marginally firmer trend develop in industrials and utilities, with banks remaining generally unchanged.

TOKYO

Foreigners cash in blue chips

A WAVE of blue-chip selling, triggered by the overnight slide on Wall Street, sent share prices substantially lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 113.74 to 10,540.05. Volume shrank from 462.62m shares on Monday to 324.83m, and losers outpaced gainers by 446 to 230, with 189 issues unchanged.

Many blue chips had been in a liquidation phase since late last week after foreign investors and domestic institutions failed to buy these issues as energetically as expected. The overnight dip below 1,200 by the Dow Jones industrial average in New York sparked fresh selling of blue chips.

Foreign investors placed sell orders for 1.2m Toshiba shares in the morning, sending the issue to close Y8 lower at Y450. Internationally popular blue chips retreated almost across the board, with Hitachi falling Y23 to Y862, NEC Y30 to Y1,250 and Matsushita Electric Industrial Y40 to Y1,660.

High-priced blue chips also suffered big losses. Sony fell Y60 to Y3,880, and TDK Y140 to Y5,360.

Some incentive-backed issues found demand, with Sumitomo Light Metal attracting speculative buyers against a backdrop of brisk magnetic disk demand and the improved buy-sell ratio. The issue topped the most active list for the second consecutive day, with 18.82m shares changing hands. But its stock price closed unchanged at Y315, having scored a rise of Y17 at one point.

Mitsubishi Mining and Cement, the second most active stock with 11.12m shares traded, fell Y11 to Y357, and Nissin Electric Y13 to Y352. NHK Spring was unchanged at Y389.

Foreign buy orders placed with the big four securities companies in the morning totalled 12.5m shares against sell orders for 26m. As a result, leading brokerage houses expect incentive-backed issues to be the market pace setter for the time being.

Bond prices edged down on small-lot selling. The yield on the benchmark 7.5 per cent long-term government bond, maturing in January 1993, rose slightly from 7.120 per cent to 7.125 per cent.

EUROPE

External influences dominate

CONCERN over the outlook for Wall Street and the future direction of the dollar left European investors hesitant to commit fresh funds yesterday, and many of the major bourses were lower in light trading volume.

In **Frankfurt**, a 4.5 decline to 1,055.5 by the Commerzbank index was considered by some analysts to have been overdone, in view of the sparse volume.

Foreign investors were virtually absent, with most of the trading activity generated by profit-taking, in the wake of the market's recent highs, and by some book squaring.

High technology issues were particularly affected, with Nixdorf down DM 4.50 to DM 531.50 and PKI a sharp DM 14 lower at DM 543.

In electricals, Siemens shed DM 1.40 to DM 433.60, while AEG dipped DM 2.20 to DM 109.30, after the recent gains.

Among motor manufacturers, VW eased DM 1 to DM 182.50, Daimler DM 6 to DM 586 and BMW DM 5 to DM 385. Porsche fell DM 19 to DM 1,040.

Dresdner Bank dipped DM 1.30 to DM 167.50 despite comments from the chairman that earnings exceeded expectations in the first eight months, promising a satisfactory result for the year.

Bonds were marginally firmer in light trading, and the Bundesbank sold DM 9.1m of paper to balance the market, following its sales totalling DM 3.2m on Monday.

Few buyers were to be found in **Zurich**, but traders took heart from the absence of any widespread selling, indicating continued support for the market.

Swissair was depressed by the firm dollar, falling SwFr 25 to SwFr 950, while in financials Jacobs-Suchard shed SwFr 75 to SwFr 5,850.

Modest selling pressure and an absence of demand left **Amsterdam** easier. Unilever fell Fl 2.80 to Fl 286.50, and Royal Dutch was Fl 1.40 lower at Fl 176.20. Akzo shed Fl 1.30 to Fl 95.10, and KLM 50 cents to Fl 189.

Boskalis eased 20 cents to Fl 9.50 as it said it was considering concentrating its activities on the main dredging sector.

The continuing dispute at the state-controlled Renault group again contributed to hesitancy in **Paris**, while **Brussels** managed to close mixed, though trading was light.

Among strong performers, market leader Petrofina rebounded from Monday's decline, adding BFr 100 to BFr 7,640, and financial holding company Sofina added BFr 150 to BFr 7,500.

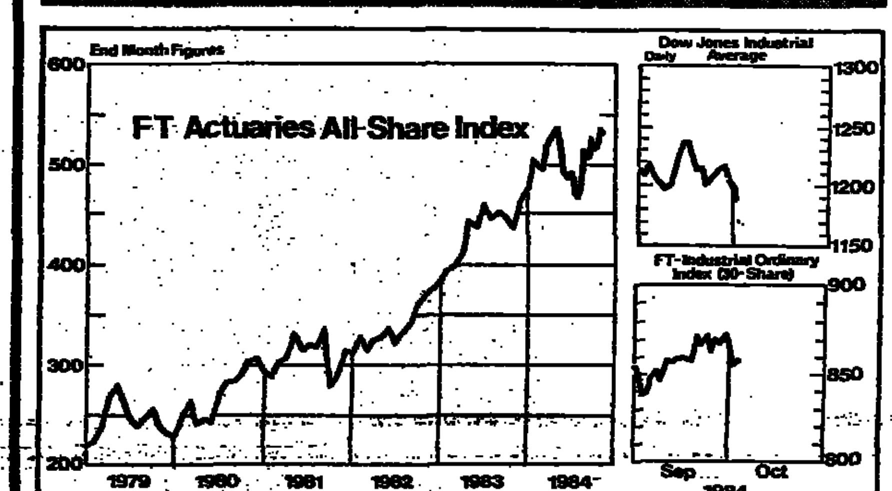
Utilities were also firmer after the declines seen last week, with Unerg up BFr 40 to BFr 1,600 and Ebes adding BFr 15 to BFr 2,820.

Milan was mostly easier, led by Fiat, which shed L34 to L1,756. However, holding company Centrale, which was L1 lower at L1,930 at the close, climbed to L1,970 in unofficial dealings after renewed market speculation of a bid for a stake in its publishing house.

Montedison, which added L10 to L1,193 at the close, later traded as high as L1,210 in after-bourse dealings amid expectations that the chemical group might break even this year.

Madrid turned marginally higher, led by the construction and banking sectors, while **Stockholm** was lower in quiet trading.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Oct 2	Previous	Year ago
DJ Industrials	1,191.36	1,198.98	1,233.13
DJ Transport	514.71	520.51	561.58
DJ Utilities	137.72	137.77	134.68
S&P Composite	163.59	164.62	166.07
LONDON			
FT Ind Ord	858.6	856.9	708.2
FT-SE 100	1,119.2	1,127.7	958.7
FT-A All-share	527.41	531.27	445.39
FT-A 500	573.41	577.67	484.36
FT Gold mines	558.6	560.6	556.8
FT-A Long gilt	10.30	10.36	10.38
TOKYO			
Nikkei-Dow	10,540.05	10,653.79	9,402.59
Tokyo SE	815.32	822.75	691.08
AUSTRALIA			
All Ord.	738.9	739.2	718.0
Metals & Mins.	454.5	452.7	568.2
AUSTRIA			
Credit Aktien	56.35	55.76	55.07
BELGIUM			
Belgian SE	161.82	161.55	131.69
CANADA			
Toronto			
Metals & Minls	1,989.1*	1,979.45	—
Composite	2,385.5*	2,379.57	2,499.5
Montreal			
Portfolio	117.33	116.84	122.96
DENMARK			
Copenhagen SE	167.10	167.61	197.74
FRANCE			
CAC Gen	178.5	178.9	139.7
Ind. Tendance	115.9	116.0	89.0
WEST GERMANY			
FAZ-Aktien	362.86	365.14	316.21
Commerzbank	1,055.5	1,060.0	939.0
HONG KONG			
Hang Seng	985.10	989.19	758.33
ITALY			
Banca Comm.	214.35	214.35	196.43
NETHERLANDS			
ANP-CBS Gen	173.3	175.2	143.1
ANP-CBS Ind	134.6	135.8	116.6
NORWAY			
Oslo SE	251.53	255.86	207.07
SINGAPORE			
Straits Times	885.64	893.43	979.35
SOUTH AFRICA			
Golds	998.8	1,003.1	809.9
Industrials	853.8	834.0	951.4
SPAIN			
Madrid SE	150.69	150.38	116.62
SWEDEN			
J & P	1,462.78	1,465.13	1,456.56
SWITZERLAND			
Swiss Bank Ind	373.7	375.8	334.7
WORLD	Oct 1	Prev	Year ago
Capital Int'l	182.0	183.6	180.5

GOLD (per ounce)

	Oct 2	Prev
London	$346.25	$345.75
Frankfurt	$346.50	$345.75
Zürich	$346.75	$345.50
Paris (fixing)	$345.08	$346.21
Luxembourg (fixing)	$345.00	$344.95
New York (Oct)	$347.20	$344.50

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Oct 2	Previous	Oct 2	Previous
$	–	–	1.2395	1.2375
DM	3.0425	3.0615	3.77	3.785
Yen	246.0	246.4	304.5	304.75
FFr	9.325	9.365	11.5675	11.605
SwFr	2.5085	2.5175	3.11	3.1175
Guilder	3.4285	3.4435	4.25	4.2675
Lira	1,883.0	1895.5	2,335.75	2340.5
BFr	61.675	62.1	76.5	76.525
C$	1.31455	1.31695	1.6295	1.6295

INTEREST RATES

	Oct 2	Prev
Euro-currencies (3-month offered rate)		
£	10 15/16	10 15/16
SwFr	5¼	5¼
DM	n/a	5⅞
FFr	11 11/16	11 11/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	11 11/16	11 9/16
6-month U.S.$	11¾	11¾
U.S. Fed Funds	11 7/16*	11⅝
U.S. 3-month CDs	11.15*	11.05
U.S. 3-month T-bills	10.24*	10.22

U.S BONDS

Treasury	Oct 2* Price	Oct 2* Yield	Prev Price	Prev Yield
11⅞ 1986	99 22/32	12.06	99 22/32	12.06
13¾ 1991	105 6/32	12.56	105 12/32	12.54
12⅝ 1994	100 14/32	12.52	100 22/32	12.50
12½ 2014	101 5/32	12.34	101 15/32	12.31
Corporate	**Oct 2***		**Prev**	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	90½	12.75	90½	12.75
3⅞ July 1990	70⅞	10.85	70⅞	10.85
8¾ May 2000	72¼	12.95	72¼	12.95
Xerox				
10⅞ March 1993	88¾	12.85	88¾	12.85
Diamond Shamrock				
10⅞ May 1993	88⅛	12.95	88⅛	12.95
Federated Dept Stores				
10⅞ May 2013	82½	12.95	82½	12.95
Abbot Lab				
11.80 Feb 2013	92	12.90	92	12.90
Alcoa				
12¼ Dec 2012	91⅞	13.45	91⅞	13.45

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	67-00	67-02	66-20	66-28
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	89.74	89.74	89.70	89.73
Certificates of Deposit (IMM) $1m points of 100%				
Dec	88.79	88.79	88.66	88.71
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	88.63	88.64	88.51	88.67
20-year Notional Gilt £50,000 32nds of 100%				
Dec	107-19	107-24	106-30	107-05

COMMODITIES

(London)	Oct 2	Prev
Silver (spot fixing)	604.20p	603.25p
Copper (cash)	£1,032.50	£1,033.75
Coffee (Nov)	£2,323.00	£2,329.00
Oil (spot Arabian light)	$27.80	$28.02

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¼	AAR	.48	2.2	15	255	22⅛	22	22	-⅛
22	13½	AMCA	n	1	6.3	3	16⅛	16	16	
19⅝	13⅜	AMF	.50	3	1148	251	16⅜	15⅞	16¼	-½
41¼	24¼	AMR			4	2543	27¾	27⅛	27¼	
20⅜	18⅝	AMR	pf2.13	11		17	19⅜	19⅛	19⅜	
41½	27½	AMR	pf2.13	7.2		159	30	29⅜	29½	-⅛
16⅝	8½	APL				49	11⅞	11¼	11⅞	+¼
67½	40⅝	ARA	2.10	3.2	13	414	66½	66¼	66¼	
69¾	44⅞	ASA	3a	5.2		874	58⅜	56⅞	57⅝	+1½
30⅞	16½	AVX	.32	1.7	12	304	19	18½	18½	-⅛
53⅞	38¾	AbtLab	1.20	3.0	13	8187	41	39⅝	40½	-¾
35½	23⅞	AccoWd	.66	2.1	18	49	31¼	30⅞	31⅛	-⅛
27¾	12½	AcmeC	.40	2.7		47	14⅝	14¼	14⅝	+⅛
12⅛	8¼	AcmeE	.32b	3.2	18	1	9⅞	9⅞	9⅞	
24⅞	11	AdmDg	.04	.2	13	1445	23½	22⅝	23⅜	+3½
18⅞	15	AdaEx	2.11e	13.		39	16⅞	16⅝	16⅝	+⅛
18⅝	11⅞	AdmMl	.28	1.9	10	27	14⅝	14⅜	14⅝	
22	13½	AdvSys	.81t	5.0	15	49	16½	16¼	16¼	+¼
41⅞	25⅝	AMD			19	4107	34⅜	33	33	-⅝
14⅞	7⅞	Advest	.12	1.3		30	9¼	8⅞	9½	+⅛
18⅝	9⅝	Aeflex			10	118	10⅞	10¼	10⅞	
39	27¾	AetnLf	2.64	7.9	31	2058	33½	33⅛	33¼	-⅛
58½	53⅝	AetL	pf5.78e	11		455	54⅝	53⅞	54⅛	+¼
34½	15⅞	Ahmns	1.20	5.5	6	817	22⅛	22	22	-⅛
5½	2⅝	Aileen				41	3	2⅞	2⅞	
45⅞	36½	AirPrd	1.20	2.9	10	507	43⅛	42⅞	43¼	-¼
30⅞	13	AirbFrt	.60	3.7	9	24	16½	16⅜	16⅜	-⅛
3⅞	1⅝	AlaMoa	.50e	15		56	3½	3⅜	3½	
31⅞	26⅛	AlaP	plA3.92	14		7	28½	28⅜	28½	-⅛
7¼	6	AlaP	dpf.87	14		21	6½	6⅜	6⅜	
71	61½	AlaP	pf 9	14		z20	64⅝	64⅝	64⅝	
65	56	AlaP	pf8.28	14		z10	59	59	59	-1
13⅞	10⅝	Alagsc	s			5	12⅞	12⅞	12⅞	+⅛

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

X—Y—Z

12 Month High	12 Month Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅛	33¾	Xerox	3 7.9 10	1266	37⅞	37⅜	37⅞	+⅜
51¼	45¾	Xerox	pf5.45 11	1	47½	47½	47½	+¼
37	19	XTRA	2.4 10	218	27⅜	26⅝	26⅝	−½
33⅝	24	ZaleCp	1.32 4.9 9	257	27	27	27	+¼
24⅝	15¼	Zapata	.84 4.6 13	1247	18⅝	18¼	18¼	−⅛
48	28⅜	Zayre	.40b .9 12	272	44½	42½	42½	−1½
38⅝	20	ZenithE	9	650	24½	24⅛	24⅛	
27⅝	18	Zero	.36 1.6 17	38	22⅝	22⅜	22½	−⅛
34	21⅛	Zurnin	1.32 5.6 12	30	24¼	23⅞	23⅞	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E-price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 2	Price Sch %	+ or −
Creditanstalt	211	...
Goesser	330	
Interunfall	381	
Laenderbank	210	−2
Perlmooser	354	−1
Steyr-Daimler	154	+3
Veitscher Mag.	240	−4

BELGIUM/LUXEMBOURG

Oct. 2	Price Frs.	+ or −
ARBED	1,610	...
Banq Int A Lux	5,400	
Bekaert B.	4,570	−20
Ciment CBR	2,700	−5
Cockerill	285	...
Delhaize	5,690	−10
EBES	2,820	+15
Electrobel	8,120	...
Fabrique Nat	2,095	+15
GB Inno BM	3,460	+40
GBL (Brux)	2,240	−5
Gevaert	3,740	−10
Hoboken	5,810	
Intercom	2,175	+10
Kredietbank	7,260	+10
Pan Hldgs.	10,100	−100
Petrofina	7,640	−100
Royale Belge	9,480	...
Soc. Gen. Banq.	3,200	−95
Soc. Gen. Belge	1,830	+5
Sofina	7,500	+150
Solvay	4,485	−60
Traction el.	4,090	−10
UCB	5,360	+40
Vieille Mont.	5,290	−10

DENMARK

Oct. 2	Price Knr %	+ or −
Aarhus Olie	430	...
Andelsbanken	235	...
Baltic Skand	545	...
CopHandelsbank	244	+1
D. Sukkerfab	590	−5
Danske Bank	236	+1
East Asiatic	168	+4
Forenede Brygg.	720	...
Forenede Damp.	94	−1
GNT Hldg	390	...
I.S.S.B.	564	−14
Jyske Bank	452	...
Novo Ind.	1,830	...
Privatbanken	213	...
Provinsbanken	306	+1
Smidth (F)	223	...
Sophus Berend	875	...
Superfos	414	−11

FRANCE

Oct. 1	Price Frs.	+ or −
Emprunt 4½% 1973	1,730	+2
Emprunt 7% 1973	9,050	−48
CNE 3%	3,750	+40
Air Liquide	533	−7
BIC	475	−12
Bouygues	640	−5
BSN Gervais	2,540	−10
CIT Alcatel	1,273	+13
Carrefour	1,641	+9
Club Mediter'n	1,077	−9
CFAO	653	...
Cie Bancaire	588	−2
Cofimeg	218.5	...
Darty	1,109	−1
Dumez S.A.	725	+7
Eaux (Cie Gen)	545	+16
Elf-Aquitaine	250	−1.5
Gen. Occidentale	684	+3
Imetal	87.4	−0.1
Lafarge Coppee	353	−3
L'Oreal	2,502	−8
Legrand	1,950	+10
Maisons Phenix	170.1	−4.9
Matra S.A.	1,794	+7
Michelin B	889	−6
Midi (Cie)	1,732	−13
Moet-Hennessy	1,810	+6
Moulinex	97.6	+0.2
Nord Est.	58.2	+0.2
Pernod Ricard	790	+9
Perrier	511	−1
Petroles Fra.	219.5	−2
Peugeot S.A.	209.5	−0.9
Poclain	55.8	−0.7
Printemp.Aus.	162.1	+1.2
Radiotech	239	+1.5
Redoute	1,155	+10
Roussel-Uclaf	1,565	−23
Safimeg	235.1	−5.9
SkisRossignol	1,582	−13
Telemech Elect.	1,870	+10
Thomson CSF	382.5	−8
Valeo	235	−4

GERMANY

Oct. 2	Price Dm.	+ or −
AEG-Telef.	108.3	−2.2
Allianz Vers	990	...
BASF	167.3	−0.9
Bayer	174.2	−0.6
Bayer-Hypo	290	+1.5
Bayer-Verein	320.5	...
BHF Bank	249	−3.5
BMW	385	−5
Brown Boveri	204	−0.5
Commerzbank	163.5	−1.2
Cont'l. Gummi	125.5	−2.5
Daimler-Benz	586	−6
Degussa	367	−4
D'sche Babcock	169	−1
Deutsche Bank	359.8xr	−3.7
Dresdner Bank	167.5	−1.3
GHH	157	−0.8
Hochtief	478	+0.3
Hoechst	173.5	−1
Hoesch Werke	99.3	−0.5
Holzmann (P)	386	+1.5
Horten	178	−1.5
Kali und Salz	238.2	−2.6
Karstadt	239.5	−0.5
Kaufhof	228.5	−0.5
KHD	259.5	+1.5
Kloeckner	63.5	−0.7
Krupp	85	...
Linde	384.8	+5.8
Lufthansa	158	−1
MAN	155	−1
Mannesmann	153	−1.8
Mercedes Hld.	521	−5
Metallgesell.	225	...
Muench Rueck	1,200	...
Preussag	258	−1.5
Rhein West Elect	160	−0.4
Rosenthal	247	−0.5
Schering	392.5	+0.5
Siemens	433.6	−1.4
Thyssen	77	−1.1
Varta	172.2	−0.3
Veba	168.5	−0.4
V.E.W.	117.5	−0.5
Verein-West.	296	...
Volkswagen	182.5	−1

ITALY

Oct 2	Price Lira	+ or −
Banca Com'le	16,350	...
Bastogi-IRBS	130.5	−2
Centrale	1,950	−1
Credito Varesino	3,790	−10
Fiat	1,756	−34
Finsider	45.25	+1.25
Generali Assicur	31,950	−400
Invest	2,692	−3
Italcementi	51,500	−150
Montedison	1,193	+10
Olivetti	5,715	−35
Pirelli Co	3,015	−15
Pirelli Spa	1,755	−36
Snia BPD	1,787	−4
Toro Assic	11,800	−160
do. Perf	8,610	−50

NETHERLANDS

Oct. 2	Price Fls	+ or −
ACF Holding	185.5	−2.5
AEGON	124.5	−0.5
Ahold	190	−2
AKZO	95.1	−1.3
ABN	327	+3
AMEV	171.4	−2.6
AMRO	64.1	−0.1
Bredero Cert.	153.5	−3.5
Bos Kalis Westm.	9.5	−0.2
Buehrmann-Tet	66.5	−0.7
Calland Hldgs.	32.1	−0.7
Credit Lyon'is Bk	57.7	−0.7
Elsevier-NDU	98.2	−0.6
Gist Brocades	162	+1
Heineken	134.3	+0.3
Hoogovens	59.2	+0.2
Hunter Douglas	39.7	−0.3
Int Mueller	39.2	−0.5
KLM	189	−0.5
Naarden	44.5	−0.5
Nat Ned Cert	230	...
Ned M d Bank.	143	−2.5
Nedlloyd	150.3	+0.3
Oce Grinten	253.5	−2.5
Ommeren (Van)	26.6	...
Pakhoed	59.7	−0.5
Philips	52.8	−0.4
Rijn Schelde	1.2	...
Robeco	66.4	−0.8
Rodamco	133.5	+1.3
Rolinco	63.5	−0.5
Rorento	208.5	−0.5
Royal Dutch	176.2	−11.4
Unilever	286.5	−2.8
VMF Stork	125	−1.5
VNU	179.2	−1.8
West Utr Bank	98.5	−0.5

NORWAY

Oct. 2	Price Kroner	+ or −
Bergens Bank	140	−2.5
Borregaard	270	...
Christiania Bank	139	−3.5
DenNorske Cred	142	−3
Elkem	112.5	−5
Norsk Data	323	−4.5
Norsk Hydro	615	−9.5
Storebrand	172	−5

SPAIN

Oct. 2	Price Pta %	+ or −
Bco Bilbao	353	+2
Bco Central	358	...
Bco Exterior	219	−1
Bco Hispano	248	+4
Bco Santander	325	−1
Bco Vizcaya	444	−7
Dragados	181	−7
Hidrola	80.7	−0.5
Iberduero	88.2	...
Petroleos	170.5	+0.5
Telefonica	103.5	−0.7

SWEDEN

Oct. 2	Price Kronor	+ or −
AGA	350	−5
Alfa-Laval	199	−3
ASEA (Free)	365	−7
Astra (Free)	386	−6
Atlas Copco	107	−1
Boliden (Free)	370	...
Cardo (Free)	265	−5
Cellulosa	122	−3
Electrolux B	242	−2
Ericsson	336	...
Esselte	317	...
Mo Och Domsjo	503	−9
Pharmacia	205	−5
Saab Scania Free	615	...
Sandvik	398	−2
Skandia	290	...
Skan Enski'da	53	...
SKF	164	−3
St Kopparbergs	186	...
Sven Handlesbn.	170	...
Swedish Match	224	−2
Volvo B (Free)	238	−2

SWITZERLAND

Oct. 2	Price Frs.	+ or −
Alusuisse	753	−7
Bank Leu	3,650	+10
Brown Boveri	1,325	−10
Ciba Geigy	2,470	+10
do. (Part Certs)	1,940	+5
Credit Suisse	2,235	−15
Elektrowatt	2,500	−10
Fischer (Geo.)	595	...
Genevoise	3,450	...
Hoff-RochePtCts	91,500	−750
Hoff-Roche 1/10	9,150	−50
Jacobs Suchard	6,850	−75
Jelmoli	1,870	+10
Landis & Gyr	1,440	−25
Nestle	6,280	−15
Oer-Buehrle	1,205	−5
Pirelli	260	−3
Sandoz (Br)	7,000	...
Sandoz (PtCts)	1,110	+8
Schindler (PtCts)	600	...
Swissair	950	−25
Swiss Bank	343	−1
Swiss Reinsce.	7,350	−100
Swiss Volksbk.	1,430	−10
Union Bank	3,425	−15
Winterthur	3,000	+10
Zurich Ins.	17,000	...

AUSTRALIA

Oct. 2	Price Aust $	+ or −
ANZ Group	4.78	−0.2
Acrow Aust	1.6	...
Alliance Oil Dev.	0.97	−0.01
Ampol Pet.	1.65	−0.05
Aust Cons Ind.	1.87	−0.03
Aust. Guarantee	2.85	...
Aust. Nat. Inds	2.6	+0.03
Aust. Paper	2.23	−0.02
Bell Group	5	+0.5
Bond Corp Hldgs	1.4	−0.05
Boral	3.35	−0.05
Bougainville	1.75	−0.03
Brambles Inds.	3.45	+0.1
Bridge Oil	2.72	+0.7
B.H. Prop.	10.3	−0.05
CRA	5.2	+0.04
CSR	3.09	−0.06
Carlton Utd	4.50	...
Castlemaine Tys.	4.75	+0.05
Coles (G.J.)	4.05	−0.1
Comalco "A"	2.15	+0.05
Consolidated Pet	0.46	...
Costain Aust	1.4	...
Dunlop Aust.	1.9	−0.02
E.Z. Inds.	6.2	+0.1
Elders IXL	4.3	+0.1
Energ Res.	1.56	−0.02

AUSTRALIA (continued)

Oct. 2	Price Aust $	+ or −
Gen Prop Trust	2.17	...
Hardie (James)	3.42	−0.05
Hartogen Energy	2.2	−0.05
Herald W'yTimes	3.98	+0.05
ICI Aust.	2.12	−0.02
Jimberlana F.P.	0.32	−0.02
Kia Ora Gold	0.13	−0.01
Lend Lease	6.2	−0.04
MIM	2.9	−0.02
Mayne Nickless	3.05	−0.01
Meekatharra	0.75	...
Myer Emporium	1.76	−0.05
Nat. Aust. Bank	3.54	...
News	9.7	...
Nicholas Kiwi	4.65	−0.05
North Bkn Hill	2.33	+0.02
Oakbridge	0.88	...
Otter Expl.	0.4	...
Pancont'l	1.18	−0.01
Pioneer Conc.	1.6	−0.05
Queensland Coal	1.15	−0.01
Reckitt & Coln.	2.9	−0.05
Repco	1.8	...
Santos	6.76	...
Smith (Howard)	3.95	−0.05
Southland Min'g	0.26	−0.02
Spargos Expl.	0.4	...
Thos. Nationwide	1.73	+0.06
Tooth	6.50	...
Vamgas	4.2	...
Western Mining	3.5	−0.01
Westpac Bank	3.95	−0.05
Woodside Petrol.	1.24	−0.01
Woolworths	2.32	−0.02
Wormald Intl	2.8	...

HONG KONG

Oct. 2	Price H.K.$	+ or −
Bank East Asia	20.5	...
Cheung Kong	8.15	...
China Light	13.7	−0.1
Hang Lung Devel	2.1	...
Hang Seng Bank	35	...
HK Electric	5.9	...
HK Kowloon Wh.	3.92	...
HK Land	3.17	−0.05
HK Shanghai Bk	6.65	−0.05
HK Telephone	45.5	...
Hutchison Wpa.	12.5	...
Jardine Math.	7.75	−0.25
New World Dev.	3.65	+0.05
Orient O'seas	2.67	+0.1
Oseas Trust Bk	2.5	−0.05
SHK Props.	6.2	...
Swire Pac A	17.9	−0.1
Wheel'k Mard A	3.37	−0.1
Wheel'k M'time	1.5	−0.03
World Int. Hldgs	2.2	...

JAPAN

Oct. 2	Price Yen	+ or −
Ajinomoto	1,090	...
Alps Electric	2,400	−50
Amada	1,260	−30
Asahi Chem	541	−5
Asahi Glass	844	−15
Bridgestone	570	−5
Canon	1,460	−30
Casio Comp	1,490	−10
Chugai Pharm	1,080	−20
Citizen	610	−21
Daiei	645	−20
Dai Nippon Ptg	998	−2
Daiwa House	493	−7
Ebara	316	...
Eisai	1,200	−30
Fanuc	[illegible]	...
Fuji Bank	910	−10
Fuji Film	1,720	−10
Fujisawa	1,030	...
Fujitsu	1,440	−40
Green Cross	1,670	−50
Hasegawa	389	+5
Heiwa Real Est	560	−5
Hitachi	868	−23
Hitachi Credit	1,090	−10
Honda	1,260	−20
House Food	1,080	...
Hoya	2,560	...
Itoh (C)	276	−3
Ito Yokado	1,190	−30
Iwatsu	1,860	...
JACCS	540	−5
JAL	4,750	+40
Jusco	800	−5
Kajima	276	−4
Kao Soap	799	−5
Kashiyama	591	−5
Kirin	520	−15
Kokuyo	940	−19
Komatsu	448	−2
Konishiroku	580	−5
Kubota	328	...
Kumagai	385	−5
Kyoto Ceramic	6,970	−80
Maeda Cons	460	−6
Makino Milling	1,490	−10
Makita	1,060	−10
Marubeni	290	−5
Marudai	752	...
Marui	1,110	−10
MEI	1,810	−20
M'ta Elec Works	637	−22
M'bishi Bank	910	...
M'bishi Corp	506	−3
M'bishi Elec	424	−1
M'bishi Estate	462	...

JAPAN (continued)

Oct. 2	Price Yen	+ or −
MHI	223	−1
Mitsui Co	337	−1
Mitsui Estate	649	−3
Mitsukoshi	549	−5
NGK Insulators	880	−20
Nihon Cement	190	...
Nippon Denso	1,500	−30
Nippon Elect	1,250	−30
Nippon Express	295	−3
Nippon Gakki	1,350	−10
Nippon Kokan	136	...
Nippon Oil	880	−5
Nippon Seiko	587	−5
Nippon Shimpan	529	−5
Nippon Steel	143	−1
Nippon Suisan	319	−6
NTV	13,000	...
Nippon Yusen	218	...
Nissan Motor	596	−2
Nisshin Flour	480	−3
Nisshin Steel	160	−5
Nomura	715	−2
Olympus	1,070	−20
Orient Leasing	3,670	−10
Pioneer	2,550	−110
Renown	833	...
Ricoh	968	−22
Sanyo Elect	551	−8
Sankyo	883	−5
Sapporo	520	−5
Sekisui Prefab	580	−3
Seven-Eleven	8,400	...
Sharp	1,140	−50
Shimadzu	665	−14
Shionogi	660	...
Shiseido	1,130	−30
Sony	3,880	−60
Stanley	960	−30
S'tomo Bank	800	−25
S'tomo Elect	907	−9
S'tomo Marine	413	−18
S'tomo Metal	148	−1
Taisei Corp	255	+4
Taiyo Kobe	199	...
Takeda	925	−12
TDK	5,360	−250
Teijin	390	−4
Tokio Marine	780	−10
Tokyo Elect Pwr	1,160	−20
Tokyo Gas	147	+2
Tokyo Sanyo	714	−11
Tokyo Style	710	...
Tokyu Corp	310	...
Toppan Print	855	−14
Toray	408	−1
Toshiba Elect	450	−8
TOTO	690	−10
Toyo Seikan	760	−5
Toyota Motor	1,370	−30
Victor	2,160	−40
Wacoal	765	−1
Yamaha	858	−3
Yamanouchi	3,580	−40
Yamazaki	430	...
Yasuda Fire	290	−20
Yokogawa Bdge	409	...

SINGAPORE

Oct. 3	Price $	+ or −
Boustead Hldgs	2.04	−0.01
Cold Storage	3.1	−0.04
DBS	7.80	−0.05
Fraser & Neave	6.05	−0.05
Genting	4.44	−0.01
Haw Par. Bros	2.14	−0.05
Inchcape Bhd	2.5	−0.05
Keppel Shipyard	2.02	−0.07
Malay Banking	6.8	−0.1
Malay Brew	7	...
Multi Purpose	1.03	−0.02
OCBC	8.45	−0.05
OUB	3.14	...
Sime Darby	2.12	−0.03
Straits St'mship	1.19	−0.01
Straits Trdg	[illegible]	...
UOB	4.58	−0.06

SOUTH AFRICA

Oct. 2	Price Rand	+ or −
Abercom	1.3	+0.05
AE&CI	7.48	−0.05
Anglo Am Coal	[illegible]	
Anglo Am Corp	23.5	−0.1
Anglo Am Gold	155.5	+0.5
Barclays Bank	15.5	+0.1
Barlow Rand	10.9	+0.1
Buffels	60.1	−0.4
CNA Gallo	3.1	...
Currie Finance	3.35	+0.05
De Beers	8.83	+0.03
Driefontein	31	...
FS Geduld	33	...
Gold Fields SA	28.5	+0.05
Highveld Steel	4.35	...
Nedbank	11.5	−0.25
OK Bazaars	11.5	...
Protea Hldgs	1.62	...
Rembrandt	21	...
Rennies	12.4	...
Rust Plat	16.5	...
Sage Hldgs	7.10	...
SA Brews	5.9	...
Smith CG	18	...
Tongaat Hulett	6.95	−0.05
Unisec	47.5	−0.25

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices October 2

Sales	Stock	High	Low	Close	Chng
570	Abti Price	$32⅝	32½	32½	−⅛
9598	Daon Dev	163	160	160	−1
1105	Daon A	165	165	165	−3
38724	Denison A	$18¼	18⅛	18⅛	−⅛
26692	Denison B f	$17⅞	17¾	17½	−⅛
2600	Develcon	$12⅞	12⅝	12⅝	−⅛
2800	Dicknsn A f	455	445	455	+15
1400	Dicknsn B	460	455	460	
955	MICC	280	[illegible]	[illegible]	[illegible]
3401	Mclan H X	$20¼	[illegible]	[illegible]	[illegible]
500	McGraw H	$19¾	[illegible]	[illegible]	[illegible]
5985	Merland E	$5½	[illegible]	[illegible]	[illegible]
9011	Molson A f	$16¼	[illegible]	[illegible]	[illegible]
5520	Molson B	$17	[illegible]	[illegible]	[illegible]
300	Murphy	$24½	[illegible]	[illegible]	[illegible]

[illegible]

MONTREAL

Closing prices October 2

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

[illegible]

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

[illegible]

Continued on Page 40

LONDON

Chief price changes

(In pence unless otherwise indicated)

RISES

Ex 11 89	£ 97¾	+£¾
Ex 12¼%	£121⅝	+£¾
Tr 2 IL 90	£ 88¾	+£⅝
Baltic Leasing	223	+ 6
BPCC	168	+ 6
Chubb	280	+12
Currys	273	+25
Fleet Hldgs	188	+ 4
Johnson Clean.	445	+ 5
Lucas Inds	227	+ 8
Marks & Spenc.	117	+ 5
Polly Peck	220	+10
Utd Leasing	290	+ 7

FALLS

BSR Intl	143	− 7
Hawker Sidd	428	− 7
Hawley Group	79	− 6
Redland	262	− 8
Riley Leisure	52	− 4
Strong & Fisher	150	−12
Tomatin Dist	24	− 2
BP	492	−16
Britoil	236	−12
LASMO	337	−10
Shell Trans	670	−15
Tuskar Res	57	− 5

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts lead as markets regain their confidence; Johnson Matthey sharply lower

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 17	Sept 27	Sept 28	Oct 8
Oct 1	Oct 11	Oct 12	Oct 22
Oct 15	Oct 25	Oct 26	Nov 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

The rumblings of the Johnson Matthey affair echoed through London markets again yesterday, subduing investment activity in all but Government securities. Gilt-edged stocks began marginally easier, but the market later encountered good domestic demand which enabled the authorities to sell stock. Of the new tranches, totalling £750m, made available only a day previously, the Government broker sold Treasury 12½ per cent 2003-05 at 120½ and withdrew. Speculation arose that the £150m tranche was exhausted and this was confirmed late in the evening. It was also hinted that the authorities may have supplied part of the £200m issue of Treasury 8¼ per cent 1997 stock.

By mid-afternoon, investors had shrugged off earlier trading influences including the Bank of England's concern about slower economic growth and a rising rate of inflation. Business broadened late to embrace both conventional and index-linked Gilts, with longer-dated issues in the former category leading the advance. Some closed a net ¾ up on the session, while both conventional shorts and index-linked issues achieved gains stretching to ¼.

Against a background of easier New York values overnight, concern over the Johnson Matthey lifeboat and the troubled UK industrial scene, leading shares were marked down at the opening. Oils were especially unsettled and sustained losses ranging to 20p following Abu Dhabi's threat to cut crude oil prices.

Institutional investors were not keen to buy initially, but later began quietly to pick up lines of selected stocks. The effects were not immediately apparent, although many blue chip issues did start to reduce their losses. After the official 3.30 pm close, however, the rally gathered pace sharply. Top-quality shares firmed to the extent that the FT Industrial Ordinary share index eventually closed a net 1.7 up on balance at 858.6, having started 8.2 lower.

Johnson Matthey's listing was soon restored, dealings in the shares beginning at around 10.30 am but at the much reduced level of 80p. A heavy trade developed and the price rose to 103p before closing at 98p, a pale shadow of the pre-suspension level of 240p.

Baltic Leasing rise

Baltic Leasing rose 6 to 223p following comment on the recent annual results, while United Leasing put on 7 to 290p in belated response to Press comment. Elsewhere, the major clearing banks closed mixed after a quiet trade. Midland rallied from an initial level of 350p to finish 5 higher on the day at 357p, but Lloyds ended that much lower at 505p. Standard Chartered, 10 down at 475p, featured dull overseas issues where Deutsche dropped 1½ points at £96. Discount Houses improved in places, Cater Allen adding 20 to 500p and Union edged forward 5 to 730p. Kleinwort Benson, a further 5 lower at 345p, remained on offer among merchant banks.

Tomatin Distillers dropped to a new low for the year of 23p before closing 2 down at 24p on the £1.1m interim deficit and the Board's remarks about second-half prospects. Breweries plotted an irregular course in thin trading. Bass rallied late to finish 2 harder at 365p, after 360p.

Leading Buildings issues retreated in the face of small selling, but some moved off the lowest as buyers ventured in. Redland were the sector's major casualty and closed 8 down at the day's lowest of 262p, but RMC settled 2 dearer on balance at 342p, after 336p. Rugby Portland Cement closed a fraction harder at 117½p, after 116½p, but Blue Circle remained a few pence cheaper at 415p. Tarmac eased 4 to 446p following news of the further expansion of its U.S. operations. BPB Industries lost 5 to 348p. Raine Industries hardened ½ to 23½p, the confident statement compensating for the reduced annual profits, while Leyland Paint and Wallpaper gained the turn to 24p following the return to profitability. John Finlan, which recently announced a deal giving the company closer links with Saudi Arabian interests and the sale of its 23.79 per cent stake in Lincroft Kilgour, gave up 5 to 80p.

ICI slipped to 644p before picking up on early Wall Street influences to close a couple of pence dearer on balance at 660p. Laporte closed 3 cheaper at 320p, after 318p, while Allied Colloids softened 2 to 198p. Renewed demand in a market short of stock lifted Amersham International 3 more to 278p.

Currys rebound

The Stores sector was notable for a strong recovery in Currys which rebounded 25 to 273p following a reappraisal of the interim results; brokers de Zoete and Bevan recommend the shares as a "buy". Meanwhile, leading Stores gradually recovered from a dull start to close at their best levels of the day. Marks and Spencer stood out with a rise of 5 at 117p and Habitat added 6 at 342p. Woolworth gained 4 at 512p, after 505p, and Burton hardened 2 to 301p, after 297p. House of Fraser, in contrast, eased 2 more to 268p, after 264p. Elsewhere, Cecil Gee improved 2 to 138p in response to the interim profits upsurge, while revived takeover hopes lifted Lincroft Kilgour 5 to 130p. Hepworth added 4 at 300p and Home Charm appreciated 3 at 185p. Among Shoe concerns, Strong and Fisher lost 12 to 150p, after 145p, following profit-taking in the wake of the preliminary results.

Trade in the Electrical leaders failed to improve on the recent low levels but, in common with the general trend, quotations ended a shade dearer on the day. Renewed offerings left BSR 7 off at a new 1984 low of 143p, but Cable and Wireless rallied after an initial bout of selling to close only 2 off on balance at 350p. Logica, unsettled by the placing of approximately 2.9m shares at 375p, closed 3 cheaper at 392p, after 387p.

Overall conditions in the Engineering sector were rather quiet. Leading issues followed the general trend, quotations ending only a shade down after an initial mark down. Among occasional movements elsewhere, John Brown hardened a penny to 23p in response to news of the two Chinese contracts totalling £7m. A. Lee, still reflecting the proposed acquisition of TI Plasro Plastics, eased to 24½p before recovering to close unaltered on balance at 26p.

Food Retailers often closed at the day's lowest. J. Sainsbury eased 4 to 276p and Argyll shed 5 to 190p, while Tesco softened 2 to 190p. Hillards gave up 4 to 250p and speculative counter Albert Fisher lost the turn at 99p. Among other Food issues, Cliffords Dairies Ordinary fell 5 to 130p and the "A" shed 2 to 118p following the reduced interim profits and cautious statement. On the bid front, Brooke Bond gained a penny to 116p on hopes that Unilever will return with a higher offer than its original 114p per share bid: the latter has escaped reference to the Monopolies Commission and has been extended until October 19.

Recently-dull Grand Metropolitan met with late support and closed 4 better at 286p. Comfort Hotels International shed a penny to 47½p, having discounted the good interim results and confident statement.

In the miscellaneous industrial sector, Polly Peck became a good market and closed 10 to the good at 220p, the rise being helped by a lively option business. Hawley Group, in contrast, gave up 6 further to 79p on the re-organisation proposals; Electro-Protective eased 4 more to 104p. Chubb advanced 12 to 280p on the increased offer from Racal; the latter closed 4 down at 260p, after 256p. Lamont responded afresh to the interim figures with a rise of 5 to 80p, but Transport Development, reflecting the placing of 8m shares in connection with the acquistion of Market Industries, eased 3½ to 92p. Booker McConnell, 189p, down a penny, and Evode, 5 cheaper at 113p, also eased after acquisition news. Marked down initially, leading issues gradually recovered to close with small mixed movements on balance.

Leisure issues closed with several noteworthy movements. Revived demand in a restricted market lifted Medminster 7 to 102p, while speculative counter GRA put on 3½ to 62½. Nimslo International rallied 1½ more to 16p on news that Mr Fred Olsen had increased his stake to 17.5 per cent. On the other hand, Riley Leisure shed 4 to 52p following the poor half-year figures and reduced dividend.

Late demand helped Lucas close 8 higher at 227p and feature an otherwise lacklustre Motor sector.

Among Paper/Printings, Bunzl firmed 4 to 316p following the sale of a subsidiary company to Evode. DRG, a possible bid target for Bunzl, hardened a penny more to 137p despite the latter's denial of any bid intentions. East Lancashire firmed 2 to 60p pending news of the bid approach, but profit-taking clipped 5 from recently-firm Eucalyptus, at 475p. BPCC, a dull counter since the interim statement, met with revived demand and rose 6 to 168p. In Newspapers, Fleet Holdings gained 4 to 188p, but Liverpool Daily Post gave up 10 at 210p.

Among Properties, Marler Estates firmed 4 to 108p in front of today's annual results, while Percy Bilton, half-timer due on Friday, hardened a couple of pence to 216p. Laing Properties' interim figures were deemed satisfactory and the price fluctuated narrowly before closing unchanged at 286p. Property Partnerships firmed 5 to a 1984 high of 340p, but Markheath Securities slipped 4 to 113p. The leaders wilted in the absence of interest. Land Securities lost a couple of pence to 283p and MEPC were similarly cheaper at 314p. Hammerson A eased 5 to 455p and British Land lost the turn to 124p.

Following a similar move in Johannesburg, London dealings in Messina were suspended at 145p pending an announcement.

Early's of Witney, a further 3 better at 47p, gave a spot of colour to an otherwise drab Textile sector. Harold Ingram lost 5 at 120p.

In Tobaccos, Imps edged forward a couple of pence to 172p but Bats slipped 3 to 262p.

Investment Trusts were featured by marked weakness in Far Eastern issues. Fleming Far Eastern fell 10 to 286p, New Tokyo dropped 9 to 322p and Drayton Japan 8 to 360p. Crescent Japan gave up 7 to 151p. Elsewhere, Equity Consort found support at 228p, up 9. Among Financial Trusts, Mills and Allen cheapened 10 more for a two-day decline of 30 to 305p on further consideration of the disappointing preliminary figures. Exco gave up 10 at 490p and Akroyd and Smithers eased 5 more to 395p.

Oils lose ground

Reports that Abu Dhabi is about to reduce the price of its top quality crude oil unsettled leading Oils. Quotations were marked down sharply at the outset and fell further in initial trading before staging a minor rally during the afternoon. BP were left with a 16 fall at 492p, after 488p, while Shell settled 15 lower at 670p, after 668p. Britoil attracted substantial selling pressure and closed 12 cheaper at 236p, after 231p.

LASMO fell to 331p prior to ending the day at 337p, a net fall of 10 while Enterprise Oil gave up 3 to 194p and Tricentrol 5 to 218p.

Among secondary oils Carless eased to a 1984 low of 186p but picked up to close only 2 cheaper at 188p.

Irish exploration stocks fell sharply in the morning trading, reflecting a flurry of profit-taking, but subsequently regained most of their early falls. Recently buoyant Atlantic Resources closed only 2 off at 120p, after 118p, as did Aran Energy, 58p. Eglinton Oil fell to 111p before rallying strongly to close little changed on balance at 125p.

The rescue of Johnson Matthey Bankers continued to cast a shadow over Charter Consolidated, which dipped to 215p before recovering to close unchanged on balance at 220p, following a substantial two-way trade.

Other UK-based Financials lost ground. Rio Tinto-Zinc slipped back to end 5 cheaper at 565p, while Consolidated Gold Fields eased 3 to 490p and Hampton Areas a like amount to 182p.

South African Golds did little more than mark time in extremely subdued trading. Bullion moved narrowly for much of the session but picked up late to close a net 50 cents firmer at $346.75 an oz. Golds, however, failed to respond and the majority of issues were left with minor changes either way.

Among leading Golds, rises of around a half-point were common to Randfontein, £98½, Libanon, £19½, and Winkelhaak, £29½, but Vaal Reefs drifted back to close ½ off at £83½ and Buffels ¼ lower at £38¾. In the cheaper-priced issues, Blyvoor dipped 12 to a 1984 low of 764p, Elandsrand fell 21 to 664p and Zandpan gave up 22 to 504p.

South African Financials were quietly mixed. De Beers fell 5 to 425p, but "Amgold" responded to the late upturn in bullion and posted a £1¼ gain at £74¾.

Platinums benefited from Johannesburg support which left Lydenburg 10 firmer at 560p and Rustenburg 5 to the good at 745p.

Wall Street influences unsettled overnight Sydney and Melbourne markets and prompted persistent small selling of Australians. Most leading issues showed losses of a couple of pence, but CRA and Peko-Wallsend were supported and closed with gains of 2 apiece at 350p and 348p respectively.

Most of the interest in Traded Options centred upon Trafalgar House where 1,000 calls and 161 puts were arranged. This helped boost the overall total to 4,080 contracts struck. The FTSE index recorded 200 calls and 461 puts.

FINANCIAL TIMES STOCK INDICES

	Oct. 2	Oct. 1	Sept. 28	Sept. 27	Sept. 26	Sept. 25	Year ago
Government Secs	80.91	80.54	80.90	80.83	80.54	80.57	81.71
Fixed Interest	84.53	84.26	84.37	84.11	83.84	83.78	84.20
Industrial Ord	858.6	856.9	868.4	872.0	869.0	870.0	708.2
Gold Mines	568.5	560.6	561.0	556.7	567.5	567.0	556.8
Ord. Div. Yield	4.89	4.89	4.83	4.79	4.80	4.80	4.73
Earnings, Yld.% (full)	11.67	11.68	11.53	11.41	11.44	11.43	9.40
P/E Ratio (net) (*)	10.89	10.88	10.41	10.53	10.80	10.51	13.32
Total bargains (Est.)	23,350	19,137	20,236	15,062	17,600	15,813	21,055
Equity turnover £m.	—	196.79	308.99	334.61	278.13	222.48	197.80
Equity bargains	—	15,796	19,646	18,157	15,062	15,657	16,754
Shares traded (ml)	—	139.1	202.6	206.8	160.8	122.4	146.0

10 am 848.7. 11 am 849.6. Noon 851.7. 1 pm 851.3. 2 pm 851.3. 3 pm 852.1.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026. Nil=9.87. † Corrected

HIGHS AND LOWS / S.E. ACTIVITY

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	155.4 (28/11/47)	50.03 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	717.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

	Oct. 1	Sept. 28
Daily Gilt Edged Bargains	127.4	140.4
Equities Bargains	102.3	127.3
Equities Value	397.8	624.6
5-day Average Gilt Edged Bargains	123.0	129.9
Equities Bargains	109.3	108.9
Equities Value	542.1	552.7

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Tues Oct 2 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon Oct 1 Index No.	Fri Sept 28 Index No.	Thur Sept 27 Index No.	Wed Sept 26 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (204)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	525.42	529.11	528.98	526.60	451.22
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	462.58	465.41	465.68	461.53	435.86
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	655.90	657.66	657.98	657.21	701.61
4 Electricals (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1517.92	1539.91	1534.65	1531.15	1654.69
5 Electronics (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1950.41	1969.37	1970.36	1959.10	0.0
6 Mechanical Engineering (61)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	257.87	258.82	258.74	257.95	193.49
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	187.84	188.95	188.51	186.63	163.63
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	129.84	130.83	129.69	129.20	111.72
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	697.06	698.52	699.58	699.65	538.45
21 CONSUMER GROUP (190)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	529.89	534.46	535.70	534.53	438.27
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	494.10	497.00	499.99	496.09	443.92
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	415.94	418.22	418.29	415.87	343.44
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1257.95	1262.64	1262.40	1256.20	1004.29
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	907.64	925.60	931.29	931.74	750.34
29 Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	588.63	586.84	591.50	585.16	561.14
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1262.94	1286.23	1297.54	1307.59	954.63
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	241.28	240.62	242.21	240.69	192.18
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	465.00	467.85	465.54	462.65	400.40
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	278.14	280.79	279.10	275.44	207.05
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	723.89	737.47	743.86	742.45	437.07
39 Other Consumer (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	475.72	472.71	471.97	470.09	432.13
41 OTHER GROUPS (87)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (104)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (739)	527.41	-0.7	—	4.75	—	531.27	535.86	534.48	532.76	445.26

	Index No.	Day's Change	Day's High	Day's Low					
FT-SE 100 SHARE INDEX ✦	1119.2	-8.5	1119.2	1111.8	—	1127.7	1140.3	1144.1	1135.5

FIXED INTEREST

PRICE INDICES	Tues Oct 2	Day's change %	Mon Oct 1	xd adj. today	xd adj. 1984 to date
British Government: 1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Government Index-Linked Stocks: 8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS: British Government Low Coupons, Medium Coupons, High Coupons (5, 15, 25 years), Irredeemables, Debentures & Loans, Preference, Index-linked inflation rate 5% and 10% — [illegible]

*Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

✦Corrected figures for 1/10/1984 Day's High 1137.5 and Day's Low 1127.7.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. † Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully-paid). ‡ Introduction. ✦ Unlisted Securities Market. § Placing price. † Figures assumed.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (28)

BRITISH FUNDS (2): Treas. 3pc 1985, Treas. 10½pc Cv. '92
INT. BK. & O'SEAS GOVT. STLG. ISS. (1): N.Z. 11½pc 2014
AMERICANS (2): Campbell Soup, Florida Pwr. & Light
BANKS (1): Cie Bancaire
CHEMICALS (1): Amersham Internatl.
STORES (1): Home Charm
ELECTRICALS (2): Microlim Reprogr., Microlease
ENGINEERING (3): Evered, Ransomes Sims, Staveley Inds.
INDUSTRIALS (5): Chubb, Elson & Robbins, Johnson Cleaners, Lambert Hldgs., Moss (Robt.)
LEISURE (1): Samuelson
MOTORS (1): Abbey Panels
PAPER (1): Bunzl
PROPERTY (1): Property Partnerships
TEXTILES (1): Early's of Witney
TRUSTS (5): Altifund Cap., Archimedes Cap., Dualvest Cap., Equity Consort, Intl. Inv. Tst. Jersey

NEW LOWS (29)

BANKS (2): Kleinwort Benson, [illegible]
BREWERS (2): Greene King, Tomatin Distillers
STORES (1): Goldberg (A.)
ELECTRICALS (8): Acorn Computer, BSR Intl., Dataserve Inc., Multitone Elect., [illegible], Pericom, Real Time Control, Resource Technology
ENGINEERING (1): Fife Indmar
INDUSTRIALS (3): Central Sheerwood, Fobel Intl., Johnson Matthey, MJI Corp., [illegible]
PAPER (1): Bemrose
SHIPPING (1): Reardon Smith
OILS (1): Carless Capel
OVERSEAS TRADERS (1): Gt. Northern Tel.
PLANTATIONS (1): Harrisons Malay. Pls.
MINES (2): Blyvoor., Wankie Colliery

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources	120	-2
BPCC	168	+6
Chubb	280	+12
Commercial Union	183	-3
Currys	273	+25
Eglinton Oil & Gas	125	-2
Gus A	595	—
Johnson Matthey	98	—
Shell Transport	670	-15
Strong & Fisher	150	-12
Ultramar	253	-12
Woolworth	512	+4

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Reckitt & Col.†	20	70pm	—
Charter Cons.	19	220	-20
DRG	17	136xd	+11
BP	12	508	-7
BSR Intl.	11	150	-7
Barclays Bank	10	505	-7
Belgrave Hlds.	10	140	+8
Cons Gld Fields	10	493xd	-10
Currys	10	248	-15
Eucalyptus	10	480	+50
Midland Bank	10	352	-1
Mills & Allen	10	315	-20
Royal Insce.	10	465	-5
Beecham	9	358	-9

† Nil paid

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 24	Oct 5	Dec 20	Jan 7
Oct 8	Oct 19	Jan 10	Jan 21
Oct 22	Nov 2	Jan 24	Feb 4

For rate indications see end of Share Information Service

Money was given for the call of S. W. Wood, Feedex, DRG, Johnson Matthey, Inter-City, Riley Leisure, Premier Consolidated, Atlantic Resources, Bula Resources and B.S.G. International. Atlantic Resources were dealt in for the put, while double options were arranged in GRA and Tuskar.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	96	0	3
Corpns, Dom. and Foreign Bonds	24	0	55
Industrials	137	400	852
Financial and Props.	40	213	275
Oils	5	63	57
Plantations	1	9	[illegible]
Mines	23	54	103
Others	24	86	60
Totals	350	826	1,457

LONDON TRADED OPTIONS

[illegible]

Oct. 2. Total Contracts 4,080. Calls 2,648 Puts 1,432

* Underlying security price.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 18,167

A=Ask B=Bid C=Call P=Put

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
105¾	101⅝	Treas. 15pc 1985	101⅝	.....	14.76	10.32
102¼	100	Exch. 12pc Cnv. '85	100⅞	+1/16	11.90	10.10
95 3/16	93 3/16	Treas 3pc 1985	95 5/16	+1/16	3.14	10.41
102⅞	99½	Treas 11½pc 1985	100⅝	+1/16	11.44	10.54
99¼	96 1/16	Treas 8¾pcCnv '85	98 1/16	+1/16	8.89	10.55
104 3/16	99⅞	Exch. 12½pc 1985	101⅛	.....	12.08	10.82
103 11/16	99 1/16	Exch. 11¾pc '86	101⅛	+⅛	11.62	10.79
102 7/16	96 1/16	Treas. 10pcCnv 1986	98¾xd	+⅛	10.13	10.92
91	88¼	Treas 3pc 1986	90¼	.....	3.31	9.24
102	96¼	Exch. 10½pc Cv '86	99⅛	+⅛	10.59	11.06
104 3/16	99 3/16	Treas 12pc 1986	101 5/16	+⅛	11.86	11.16
96¼	93½	Treas 8½pc 1984-86‡‡	95 13/16	+⅛	8.86	11.05
108 13/16	102 1/16	Exch. 14pc 1986	104 13/16xd	+¼	13.34	11.29
87⅛	85	Exch. 2½pc 1986	86 13/16	+1/16	2.88	9.45
107 13/16	100 11/16	Exch. 13¼pc 1987	103⅝	+3/16	12.79	11.35
100⅞	94½	Treas 10¼pcCv '87	97 11/16	+¼	10.49	11.34
86⅛	83⅛	Exch 2½pc 1987	85⅝	.....	2.92	9.32
101 3/16	94½	Exch 10½pc 1987	98⅛xd	+⅛	10.70	11.39
92 11/16	87	Funding 6½pc '85-87‡‡	90⅜xd	+⅛	7.19	10.92
99⅞	92⅞	Treas. 10pc 1987	96⅛	+⅛	10.38	11.58
85	81 5/16	Treas 3pc 1987	83¾	+⅛	3.58	9.81
105	97¼	Treas. 12pc 1987	101¼xd	+⅛	11.85	11.53
94⅞	87 3/16	Treas 7¾pc 1985-88‡‡	90¼	+⅛	8.59	11.29
100¼	92 13/16	Exch 10½pc '88	96 5/16	+⅛	10.87	11.68
98 7/16	89 13/16	Treas 9¼pc Cv '88	94⅛	+⅛	10.33	11.64
82	77	Transport 3pc '78-88	78⅛	+⅛	3.83	10.11
96 13/16	88 3/16	Treas. 9½pc '88	93 1/16xd	+⅛	10.21	11.72
106¼	94 13/16	Treas 11½pc 1989	99 3/16	+⅛	11.55	11.60
95 3/16	87 13/16	Treas 9½pc Cnv. '89	93 5/16xd	+⅛	10.15	11.37
96 3/16	90 11/16	Treas 10½pc 1989	95 13/16	+⅛	11.94	11.63
100 3/16	88⅞	Exch.10pc 1989	94 1/16	+⅛	10.63	11.67
98¼	94¼	Exch 11pc 1989	97⅝	+⅛	11.34	11.79

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ●+ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ◆ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ◆ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim; reduced final and/or reduced earnings indicated.
- §¹ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	82xd	......	Arnott	195	......
Craig & Rose £1	£11	......	CPI Hldgs	57	......
Finlay Pkg 5p	43xd	......	Carrol Inds.	116	......
Higsons Brew	83	......	Dublin Gas	65	......
Holt (Jos) 25p	890xd	......	Hall (R. & H.)	46	......
IoM Stm. £1	105	......	Helton Hldgs	16	......
IRISH			Irish Ropes	33	......
Exch. 12% 1985	£98¾	......	Jacob (W.& R.)	59	......
Nat. 9¾% 84/89	£83¾	+¼	TMG	58	......
Fin. 13% 97/02	£80¾	+1	Unidare	80	......

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	15	Hawker Sidd	38	Vickers	14
BOC Grp	27	Hse of Fraser	26	Woolworth Hldg.	50
BSR	26	ICI	42		
Babcock	17	'Imps'	12	**Property**	
Barclays Bank	45	ICL	7½	Brit Land	11
Beecham	32	Ladbroke	23	Cap Counties	16
Blue Circle	40	Legal & Gen	45	Land Secs	25
Boots	16	Lex Service	40	MEPC	25
Bowaters	25	Lloyds Bank	50	Peachey	17
Brit Aerospace	20	'Lofs'	3	Samuel Props	12
BAT	15	Lucas Inds	18	Sterling Guar.	4
Brown (J.)	3	'Mams'	14		
Burton Ord	22	Marks & Spcr	20	**Oils**	
Cadburys	11	Midland Bk	36	Brit. Oil & Min.	9
Comm Union	16	NEI	10	Brit Petroleum	35
Courtaulds	11	Nat West Bk	60	Burmah Oil	17
Debenhams	14	P & O Dfd	25	Charterhall	9
Distillers	22	Plessey	20	Premier	6
Dunlop	5	Racal Elect	18	Shell	55
FNFC	6¼	RHM	8	Tricentrol	20
Gen Accident	42	Rank Org Ord	24	Ultramar	60
Gen Electric	16	Reed Intnl	40		
Glaxo	70	Sears	8	**Mines**	
Grand Met	30	TI	22	Charter Cons	24
GUS 'A'	55	Tesco	16	Cons Gold	58
Guardian	50	Thorn EMI	55	Lonrho	12
GKN	20	Trust Houses	18	Rio T Zinc	60
Hanson Tst	17	Turner Newall	10		
		Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Sector Specialist Funds

Commodity Shares	137.8	147.0	−0.9	2.66
Financial Secs	31.1	33.2	−0.1	2.90
Gold & General	24.8	26.7	+0.2	4.30
Int. Leisure Mk	10.6	11.3	−0.2	—
Prop Shares(z)	35.6	38.0	...	1.60
Univ Energy	72.6	77.9	−1.6	0.40
World Tech	46.0	49.1	−1.0	0.23

Overseas Funds

American Growth	75.2	80.2	−1.2	2.65
Am. Smaller Cos.	22.2	23.7	−0.3	0.16
Am. Spec. Sits.	67.8	72.3	−1.3	1.04
Australian Growth	75.8	80.8	−0.7	1.77
Far East	38.1	40.6	−0.7	0.75
Hong Kg. Perfmnce	19.3	20.6	−0.1	3.11
Intl Growth (z)	105.7	112.7	−0.5	2.58
Japan Perf Trust	38.8	41.4	−0.6	—
Japan Smllr Co's Tst	12.5	13.4	−0.1	—

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	61.9	66.9	.....	0.83
Accum. Units	78.7	84.6	.....	0.83
J. Finlay High Income	47.9	51.5	.....	7.96
Finlay Wld. Energy	17.1	18.4	−0.3	2.92
Accum. Units	23.2	25.0	−0.4	2.92
J. Finlay Fd.In.Tst	77.2	83.0	.....	2.77
Accum. Units	110.6	118.9	.....	2.77

Prices on September 26. Next dealing October 3.

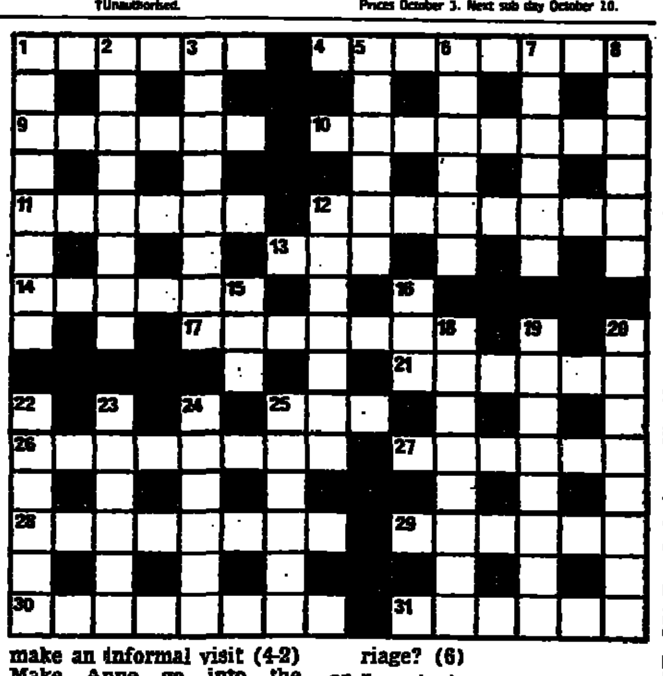
Robert Fleming & Co Ltd
8, Crosby Square, EC3A 6AN. 01-638 5858

†Am Exempt (a)(1/10)	£284.68	290.92	.....	1.92
†Jap Exempt (a)(1/10)	£222.95	229.09	.....	1.35
†Am Prop Tst(b) (15/8)		$11,262	.....	7.00
†Prop Tst (c) (29/9)		£2,094	.....	6.00

Next sub day (a) Oct. 16 (b) Nov 15 (c) Sept 1.
†Unauthorised.

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,533



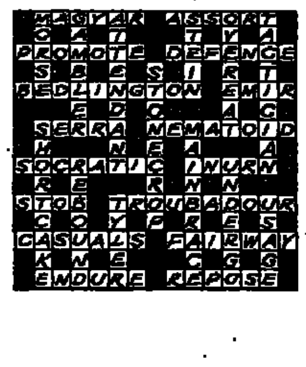
ACROSS

1 So B.C. must be there? Stick with it! (6)
4 Refused to go through the cases with daughter (8)
9 One of the strings behind South African recognition (6)
10 A ton is significant in the final figures (8)
11 City area where an animal will go to find something to eat (6)
12 A jumpy sort of dog! (8)
13 It's on the cards that the expert will outface the court (3)
14 Eastern flower festival (6)
17 Thought to be thrown into the grass (7)
21 Considerable pull is required for architect to get a decoration (6)
25 It takes a long time to grow old (3)
26 Could be a page item or a very small piece (8)
27 Plunder from Mars? (6)
28 Establish one's influence on the creature (8)
29 Legal official with financial connections (6)
30 Following previous misdemeanour, Edward made menacing demands (8)
31 Settled on a silver type of instrument (6)

DOWN

1 Responded to news read badly (8)
2 The weak don't give so much assistance (8)
3 Personal servant gets payment in advance (8)
5 Two points on the promontory reveal the way out (6)
6 Promising opportunity to make an informal visit (4-2)
7 Make Anne go into the minority (6)
8 Abandon a barren area (6)
12 Whip company into a boom (7)
15 Turnover for each theatrical company (3)
16 A tree from the old west (3)
18 Soaked in fat (8)
19 Go round and measure part of the theatre (8)
20 Made a sound call in card game and got in front (8)
22 Disagree with work attitude (6)
23 Put a stop to apprehension (6)
24 Flexible part of gun carriage? (6)
25 Lorraine's partner uses a scale that's different (6)

Solution to Puzzle No. 5,532



هكذا من الأصل

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Managementф
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ...... $11.69 — −0.07 —
Inv. Adv.: M & G Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	13.0	13.6	....	3.10
Chinese Fund	59.8	62.3	....	1.70
Precious Metal Fund	123.2	128.2	....	8.30
Vanguard Cmdy. Fd	25.9	26.6	....	2.26
Financial Futures Fd.	40.1	41.8	....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Dynamic Gwth Fd $9.74 — −0.14 —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd	9.88	10.27	Qtrl	Call
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	10.55	10.90	6-mth	Call
7-day Fnd	10.50	10.85	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.26	10.52	6-mth	Call
7-day Fund	10.43	10.70	6-mth	7-day
Money Mngt Acct.	10.13	10.52	3-mth	Call
Dollar	9.31	9.52	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.375	10.78	Qtrl	Call
Monthly Inc. Chq Acc.	10.25	10.74	Mthl	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	10.10	10.58	Mthl	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.25	10.65	Qtrl	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	10.375	10.883	Mthl	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	10.25	10.75	Mthl	Call
U.S. Dollar	10.50	11.17	Mthl	Call
German Marks	5.0	5.19	Mthl	Call
Swiss francs	2.0	2.05	Mthl	Call
Japanese Yen	6.0	6.25	Mthl	Call
Choulartons 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc.	10.75	11.30	Mthl	Call
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Cheque & Save	8.50	8.77	Qtrl	Call
Over £1 000	10.00	10.38	Qtrl	Call
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	10.25	10.66	Qtrl	Call
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	10.75	11.04	Rate	14-day
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford 0245 51651				
High Int Cheque Acc.	10.30	10.85	Daily	Call
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	10.00	10.38	Qtrl	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB 0708 66966				
High Int. Std Acc	9.89	10.40	Daily	Call
Premier Acc.	9.89	10.40	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	10.31	10.71	Qtrl	Call
Money Acc	10.25	10.65	Qtrl	Cheq
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	10.15	10.65	Mthl	Call
Over £10,000	10.40	10.92	Mthl	Call

NOTES — Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ‡ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase.

Aluminium output cut fails to lift prices

By John Edwards, Commodities Editor

ANOTHER BIG aluminium producer, Vereinigte Aluminium Werke of West Germany, yesterday announced it was cutting output. The company said it was cutting production by more than 10 per cent (equivalent to 40,000 tonnes) due to high stocks on the world market.

The news, however, gave aluminium prices on the London Metal Exchange yesterday only a temporary boost. When the market failed to respond much, renewed selling pressure came in encouraged by the steadier trend against the dollar. The three months quotation eventually closed £9.75 lower at £595.75 a tonne.

VAW's reduction in output is the latest in a series of cuts announced by North American and European producers and, therefore, had limited market impact.

The steadier trend in sterling also triggered a further decline in the tin market. With the buffer stock of the International Tin Council making no apparent move to support the market, standard grade cash tin lost £147.50 to £9,297.50 a tonne.

This means that the price has dropped by over £500 during the past 10 days since it reached an all-time peak of £9,817.50 in mid-September when the pound was at its weakest.

At the same time, the shortage of immediately available supplies has eased, so the cash price has fallen to a greater extent than the three months

Lead resisted the general downward pressure on base metals yesterday. The market was boosted initially by rumours of a buyer seeking 10,000 tonnes

West Germany defies EEC milk quota rules

BY IVO DAWNAY IN LUXEMBOURG

WEST GERMANY has defied the "superlevy" regulations aimed at cutting EEC milk production, by exempting thousands of small farmers from more than half the reduction required.

Although a reduced rate of cuts by small producers may be made up by greater cuts by large dairy farms, the German move is believed by Commission experts to ignore both the letter and spirit of the regulations and has not been officially sanctioned.

The move came on Monday when Herr Ignatz Kiechle, the German Farm Minister, authorised producers of less than 30,000 kilos of milk annually, to limit their production cuts to 2 per cent, less than half the 4.1 per cent sought across the Community under the superlevy rules.

Herr Kiechle has recently come under fierce criticism from Herr Franz-Josef Strauss, his leader in the Christian Social Union, for failing to protect the interests of small Bavarian farmers.

The West Germans had already attempted to force the exemption through at a meeting of the Community's milk management committee, but were formally forbidden to go ahead by the Commission.

Herr Kiechle is also understood to have tried to win backing from his fellow farm ministers in Luxembourg this week in a bid to circumvent another Commission ban, but the issue was left undiscussed.

The German move is one of a series of efforts by several member states to reduce the impact of the superlevy which has met opposition from farmers all over the EEC.
g.shr etao shrdl vmgetaocmfwy

The first tranch of payments for over-production in the first half of the marketing year are due to be paid next month. However, Mr Paul Dalsager, the Farm Commissioner, recently raised the possibility of staggering this payment over several months after coming under pressure from member states for an easing of the rules.

Any such move is likely to stir opposition from countries such as the UK, the Netherlands, and Denmark, where the levy has been rigorously applied. They fear that delaying full payment until next year could be the first step to writing off some of the bills and allowing less disciplined countries off the hook.

It is understood that Italy for example has made virtually no attempt even to inform its farmers what their quotas should be. Instead it is insisting that any penalty for over-production should be allowed to be paid by the national treasury.

This has been rejected by the Commission, as it fails to tackle the basic problem of over-production. However, Rome so far appears to have ignored this ruling.

U.S. ruling on 'foreign' futures trading

BY NANCY DUNNE IN WASHINGTON

A SUPREME court ruling isued Monday will allow suits against foreign companies which trade in the U.S. futures markets, to be tried in U.S. courts, according to an attorney for the Commodity Futures Trading Commission.

The Supreme Court let stand, and therefore endorsed, a ruling by the Chicago Court of Appeals, that Mr Abdallah Tamari, a Lebanese citizen, can take his claims of fraud made against Bache and Co, Lebanon, into U.S. courts.

Mr Tamari's claim that he was defrauded by the Lebanese subsidiary of Prudential Bache and Co has yet to be tried

His plea to be heard in the U.S. was opposed by the American Futures Exchanges and the Futures Industry Association.

Meanwhile, the CFTC plans to propose rules which would strengthen control of trading practicies on exchange floors.

In a report to Congress on insider trading it found "insufficient evidence" to recommend any change in the law.

However, it did decide to crack down on the controversial practice of "dual trading" in which floor brokers trade from their own accounts while concurrently having knowledge of the customer orders they are filling.

It plans to require exchanges to either ban dual trading or install a system of trade sequencing sufficient to create an audit trail if regulators need to reconstruct a period of trading.

The CFTC is expected to require each exchange to submit a plan on dual trading and a schedule for implementing that plan within six months. Implementation will be expected within the following year.

Ivory Coast raises coffee and cocoa prices

IVORY COAST cocoa and coffee producer prices for the 1984-85 season, which officially opened October 1, have been raised for the second successive year, according to presidential decrees published today.

Prices of cocoa beans have been raised 7 per cent to CFA 375 (64p) kg from CFA 350 per kg. Prices of Robusta coffee cherries have been raised 27 per cent to CFA 190 from CFA 150 per kg.

Forecasts for the 1984-85 cocoa crop are being modified folowing unusually heavy rains in September. A crop approaching 400,000 tonnes, similar to last season's estimated crop, is now expected.

● SUGAR production in the European Community in the 1984-85 crop year is estimated at just over 12.1m tonnes, compared with 11.6m in 1983-84 when the crop was hit by unfavourable weather, Commission sources said.

This figure was made up of 11.8m tonnes of beet sugar, 300,000 tonnes of cane sugar from the French overseas territories and 19,000 tonnes of sugar molasses from West Gemany.

● CEREALS crop for 1984 is estimated at a record 26.24m tonnes by the Home-Grown Cereals Authority. This compares with 24.99m estimated in August and a final 21.315m last year, the HGCA said.

● AVERAGE price of agricultural land in England fell to £4,846 per hectare in the three months to the end of August, according to latest figures issued yesterday by the Ministry of Agriculture.

● EEC farm ministers meeting in Luxembourg on the problem of the Community wine surplus failed to reach agreement. It is to be reconsidered at the next Council meeting on October 22.

Israel aims to boost non-citrus sales through product innovation

BY A CORRESPONDENT

ISRAEL will include more innovations in the range of non-citrus horticultural products it sends to Britain in the season beginning this month. Agrexco, the agency which handles most of the products, expects sales to rise from this year's £36m to about £45m.

Sweetcorn will head the list. Corn cobs could not be imported successfully before because, as American exporters were the first to discover, if deterioration during transport is to be avoided they must be vacuum-cooled the moment they are picked in the field.

Israel used not to possess the facilities for this, but now, thanks largely to the development of similar equipment for treating another relative newcomer, iceberg lettuce, vacuum-cooling has been installed in three regions of the country and the way opened for exports of sweetcorn.

Sweetcorn offers producers an alternative to water melons, which Israel thinks have become over-supplied since the days when it had the market mostly to itself. Growers can make the switch in products in a season.

It is expected that sweetcorn will arrive here by air at the rate of 50 to 60 tonnes a week from late-October to May, with perhaps a gap in February. The results of these first commercial shipments will determine the volume despatched in subsequent years.

Two fruits about to make their debut are the paw-paw and a South American derivative, the fyjoya, which is said to have a flavour somewhere between the guava and the pineapple. Hopes of developing them in Britain are high as experience has shown that we have a fast-growing appetite for exotic fruit and vegetables.

An example of this is the sharon-fruit, sales of which rose last year more than for any other Israeli product ever, including the avocado. Two years ago Agrexco made the mistake of trying to go too far up-market with the sharon-fruit, a kind of superior persimmon which, however, unlike the latter, can be eaten soft or hard. The price asked, of £3.70 a 3-kg carton, was too high, and supplies were finally cleared at an average of £1 a box.

Last season the strategy was changed to pitch rates below those of another success story, the kiwi-fruit, and sales, stimulated by a TV commercial, boomed. Whereas in the week before Christmas 1982, 4,000 cartons sold at about £1 each, in the same week last year 36,500 cartons brought £2.50 apiece, and Agrexco claims it could have sold 100,000.

Demand will again go unsatisfied this season, for it is an off year for the sharon-fruit, but thereafter sales should soar.

Another of the dozen or so lines that will join Israel's UK inventory in commercial rather than experimental quantities is mint. Trials have shown how liked it is by consumers, many of whom defy tradition by using it on beef as well as lamb and for numerous other purposes.

Cherry-sized tomatoes are also on offer. They will sell in punnets, like strawberries, and Israel thinks they will be an exclusive.

Exclusivity is, however, as perishable as fruit itself. The list of items Agrexco has pioneered only to have them copied by competitors is long. It is recognised that in three or four years' time the sharon-fruit will go the way of the galia melon and other products that gloried briefly in isolation.

Israel's horticultural talent scouts, as well as the plant breeders who originate types of their own, are ready to pick up and exploit a novelty. Not long ago, in Ecuador, one of them discovered a red-skinned banana. Something was published about it, and immediately two of Agrexo's largest customers were on the phone, wanting supplies.

Another recruit is a courgette that is yellow rather than green. Besides providing a visual change for the consumer, it has the economic advantage of being easier to see and quicker to pick, so cutting production costs.

This season will also see more of Agrexco's products carrying on into summer rather than fading at the end of winter. Traditionally its grapes, for example, after six weeks of having the market mostly to themselves, used to bow out in mid-July, making way for Cyprus's. This year, for the first time, after developmental work to ensure quality, Thompson grapes from Israel stayed on the market right through to September. Other products will be increasingly doing likewise.

PRIVATE experts from Israel, which has no diplomatic relations with Peking, will soon be advising China on ways to develop its agriculture, Maariv, th eHebrew evening newspaper, reported yesterday.

It quoted an Israeli industrialist as saying the experts would take part in U.S. projects in China on animal husbandry, agricultural industry and crop development.

The newspaper said the experts were contracted through a private Israeli company after Peking appealed to Israeli industrialist Mr Shaul Eisenberg to make a survey of China's industrial needs.

PRICE CHANGES

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were generally easier on the London Metal Exchange. Copper moved narrowly and dipped to £1,051 before rallying to close virtually unchanged at £1,056, while tin retreated to £9,297.5 reflecting a rise in sterling and the absence of buffer stock support.

Three months £3,868, 70. Turnover: 994 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3770-508	-25	3765-70	-25
3 months	3870 1	-23.5	3866-7	-25

COFFEE

In moderate volume the market opened slightly easier as trade selling produced losses of £2-9, reports Drexel Burnham Lambert. Nearby contracts continued to move lower before commission house support encouraged a rally to unchanged levels.

SOYABEAN MEAL

The market opened unchanged to 40p lower in quiet conditions, reports T. G. Roddick. During the afternoon commission house buying lifted prices.

SILVER

COPPER

TIN

WEEKLY METALS

LEAD

ZINC

ALUMINIUM

NICKEL

COCOA

SUGAR

GRAINS

PIGMEAT

POTATOES

HIDES

MEAT/FISH

RUBBER

WOOL FUTURES

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

LONDON OIL

SPOT PRICES

GAS OIL FUTURES

GOLD MARKETS

LONDON FUTURES

EUROPEAN MARKETS

AMERICAN MARKETS

NEW YORK, October 2.

Gold and silver values firmed on short-covering and fresh buying on the weak tone to the dollar, reports Hernold Commodities. Copper showed modest losses as trade selling developed in response to the decline in new home sales. Sugar rallied on ... on light profit-taking following recent sharp losses. Cotton steadied in sympathy with other markets along with light trade support. Heating oil eroded on uncertainty over Opec holding to its pricing guidelines but uncovered support on expectations for constructive weekly stocks statistics. Grains and soyabeans firmed early in ...

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention fears depress $

The dollar finished around the middle of the day's range yesterday but still finished down from Monday's closing levels. While retaining its strong undertone, the dollar's natural rise, on signs of further U.S. economic growth and high interest rates, was inhibited by the fear of further aggressive intervention by central banks.

Consequently trading was confined to a relatively narrow range and there was an absence of the sharp speculative moves seen over the past week or so. The dollar closed at DM 3.0425, up from a day's low of DM 3.0300 but down from Monday's close of DM 3.0615. It was also weaker in terms of the Swiss franc at SwFr 2.5085 from SwFr 2.5175 and Y246.00 from Y246.40. Against the French franc it eased to FFr 9.3250 from FFr 9.3650. On Bank of England figures, the dollar's index slipped from 141.7 to 141.3.

Fed funds were quoted at 11⅛ per cent up from 11⅛ per cent, underlining a market conviction that the extent of any easing in credit policies by the Fed was limited. Little change is expected from the current meeting of the Federal Open Market Committee.

Sterling showed very little change during the day and its index closed unchanged from Monday at 76.5. Against the dollar it finished at $1.2395 from $1.2375 but eased against the DM-mark to DM 3.7700 from DM 3.7850. It was also weaker against the Swiss franc at SwFrs 3.1100 from SwFrs 3.1175 and Y304.50 compared with Y304.75. Against the French franc it slipped to FFr 11.5675 from FFr 11.6050.

D-MARK — Trading range against the dollar in 1984 is 3.1265 to 2.5535. September average 3.0235. Trade weighted index 121.5 against 127.9 six months ago.

The dollar was fixed at DM 3.0423 at yesterday's fixing in Frankfurt, up from DM 3.0315 on Monday and the Bundesbank sold a token $6.85m at the fixing. The dollar continued to fluctuate nervously but within a relatively narrow band. Fears of central bank intervention left the market nervous and kept speculative trading to a minimum. The extent of this tension was seen on Monday when the dollar fell 5 pfennigs on what later proved not to be aggressive central bank intervention but large commercial sales. Having opened at DM 3.0480, the U.S. unit rose to DM 3.0512 before slipping to a low of DM 3.0300.

Elsewhere sterling eased slightly to DM 3.7710 from DM 3.7730 as did the Swiss franc to DM 1.2121 from DM 1.2170. Within the EMS the Belgian franc fell to DM 4.927 per BFr 100 from DM 88.750.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Oct. 2	Previous
8.30 am	—	—
9.00 am	76.4	76.4
10.00 am	76.5	76.5
11.00 am	76.4	76.5
Noon	76.4	76.5
1.00 pm	76.4	76.5
2.00 pm	76.5	76.5
3.00 pm	76.4	76.6
4.00 pm	76.5	76.5

New York rates

	Oct. 2	Prev. close
£ Spot	$1.2475-1.2490	$1.2385-1.2395
1 month	0.05-0.08 dis	0.05-0.08 dis
3 months	0.23-0.27 dis	0.25-0.30 dis
12 months	1.35-1.50 dis	1.45-1.55 dis

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.3641	+1.03	+1.02	±1.5447
Danish Krone	8.14104	8.09127	−0.61	−0.62	±1.6425
German D-Mark	2.24184	2.23622	−0.25	−0.26	±1.0642
French Franc	6.87456	6.85828	−0.24	−0.25	±1.4052
Dutch Guilder	2.52595	2.51929	−0.26	−0.27	±1.4964
Irish Punt	0.72569	0.721527	−0.57	−0.58	±1.6699
Italian Lira	1403.49	1385.00	−1.32	−1.32	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Oct 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2375-1.2430	1.2390-1.2400	0.06-0.09c dis	−0.73	0.29-0.33dis	−1.00
Canada	1.6285-1.6325	1.6290-1.6300	0.20-0.27c dis	−1.73	0.66-0.77dis	−1.75
Nethlnd.	4.23-4.27	4.24½-4.25½	1⅝-1½c pm	4.78	4⅝-4½ pm	4.29
Belgium	76.35-76.84	76.45-76.55	par-5c dis	−0.39	1 pm-7 dis	−0.16
Denmark	13.63-13.69	13.64½-13.65½	¼-1⅞ore dis	−0.88	2¾-3⅞ore ds	−0.95
Ireland	1.2160-1.2205	1.2175-1.2185	0.12-0.27p dis	−1.92	0.53-0.81dis	−2.20
W. Ger.	3.76-3.78½	3.76½-3.77½	1¾-1⅝pf pm	5.37	4¾-4⅝ pm	4.84
Portugal	197.90-201.00	198.98-200.95	180-525c dis	−21.76	515-1455ds	−19.70
Spain	211.45-212.70	212.15-212.35	55-80c dis	−4.10	175-225dis	−3.77
Italy	2,333-2,346	2,335½-2,336½	10-12lire dis	−5.65	31-35 dis	−5.65
Norway	10.90½-10.93½	10.92½-10.93½	2⅞-3ore dis	−2.81	7-8 dis	−2.74
France	11.52-11.58½	11.56½-11.57½	⅝-1c dis	−0.71	2⅝-3⅛ dis	−1.06
Sweden	10.67½-10.71	10.70-10.71	2⅛-2⅞ore dis	−2.80	6⅝-6⅞ dis	−2.47
Japan	304½-305½	304-305	1.27-1.18y pm	4.83	3.30-3.17 pm	4.25
Austria	26.45-26.60	26.48-26.53	9-7⅝gro pm	3.79	23⅛-20 pm	3.25
Switz.	3.10½-3.12½	3.10½-3.11½	1⅝-1⅜c pm	6.27	4⅝-4 pm	5.39

Belgian rate is for convertible francs. Financial franc 77.00-77.10. Six-moth forward dollar 0.70-0.75c dis. 12-month 1.57-1.72c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Oct 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2375-1.2430	1.2390-1.2400	0.06-0.09c dis	−0.73	0.29-0.33dis	−1.00
Ireland†	1.0172-1.0225	1.0182-1.0192	0.15-0.05c pm	1.18	0.40-0.20 pm	1.18
Canada	1.3142-1.3158	1.3143-1.3148	0.10-0.12c dis	−1.00	0.23-0.27dis	−0.76
Nethlnd.	3.4240-3.4350	3.4280-3.4290	1.58-1.55c dis	−5.48	4.53-4.49dis	−5.27
Belgium	61.65-61.81	61.65-61.70	3-1c pm	0.39	14-10 pm	0.78
Denmark	10.98-11.03	10.99½-11.00½	1.00-0.50ore pm	0.82	2.20-1.70 pm	0.71
W. Ger.	3.0300-3.0515	3.0420-3.0430	1.57-1.52pf pm	6.10	4.43-4.38 pm	5.86
Portugal	161-162½	161½-162½	150-425c dis	−21.36	400-1150ds	−19.19
Spain	171.20-171.57	171.20-171.50	45-60c dis	−3.68	115-155 dis	−3.15
Italy	1,882½-1,887½	1,882½-1,883½	7.90-8.40lire dis	−5.20	22-23 dis	−4.78
Norway	8.78½-8.82	8.80½-8.80¾	1.30-1.80ore dis	−2.11	3.70-4.20dis	−1.79
France	9.29-9.34½	9.32-9.33	0.25-0.15c pm	0.26	par-0.30dis	−0.06
Sweden	8.60½-8.64	8.62½-8.62¾	1.10-1.60ore dis	−1.88	3.00-3.50dis	−1.51
Japan	245.80-246.20	245.95-246.05	1.15-1.11y pm	5.52	3.27-3.22 pm	5.28
Austria	21.33-21.41½	21.33-21.38	8-7½gro pm	4.35	23-21 pm	4.12
Switz.	2.5030-2.5185	2.5080-2.5090	1.50-1.44c pm	7.03	4.08-4.02 pm	6.46

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.10-62.20.

OTHER CURRENCIES

Oct. 2	£	$		£ Note Rates
Argentina Peso	114.71-114.93	92.44-92.53	Austria	26.35-26.65
Australia Dollar	1.4890-1.4910	1.2010-1.2020	Belgium	76.60-77.40
Brazil Cruzeiro	2,875.37-2,882.82	2,317-2,329	Denmark	13.56-13.73
Finland Markka	7.8568-7.8493	6.3320-6.3320	France	11.50-11.62
Greek Drachma	155.30-155.70	125.30-125.60	Germany	3.75½-3.79½
Hong Kong Dollar	9.6906-9.7060	7.8150-7.8200	Italy	2325-2360
Iran Rial	112.50*	91.75*	Japan	303-308
Kuwait Dinar (KD)	0.37670-0.37155	0.29920-0.29950	Netherlands	4.22¾-4.26¾
Luxembourg Fr.	76.45	61.65-61.70	Norway	10.86-10.97
Malaysia Dollar	2.9456-2.9560	2.3755-2.3775	Portugal	193-222
New Zealand Dlr.	2.5395-2.5445	2.0490-2.0520	Spain	208-217½
Saudi Arab. Riyal	4.4095-4.4165	3.5590-3.5600	Sweden	10.65-10.74
Singapore Dollar	2.6827-2.6970	2.1635-2.1655	Switzerland	3.10¼-3.13¼
Sth African Rand	2.0655-2.0721	1.6695-1.6720	United States	1.23-1.25
U.A.E. Dirham	4.5495-4.5555	3.6720-3.6730	Yugoslavia	245-254

* Selling rates.

CURRENCY MOVEMENTS

Oct 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	76.5	−13.7
U.S. dollar	141.3	+27.7
Canadian dollar	90.3	−3.2
Austrian schilling	111.4	+3.3
Belgian franc	88.2	−11.6
Danish Kroner	76.3	−6.5
Deutsche mark	121.5	+6.4
Swiss franc	141.2	+9.7
Guilder	111.5	+3.3
French franc	64.2	−16.2
Lira	46.7	−14.2
Yen	156.2	+12.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.997311	0.592121
U.S. $	9	0.803570	0.735236
Canadian $	12.38	*	0.965100
Austria Sch.	4½	21.2878	15.6973
Belgian Fr.	11	51.5515	45.3641
Danish Kr.	7	N/A	8.09127
D'mark	4½	3.05412	2.23622
Guilder	5	3.41778	2.51929
French Fr.	9½	9.30342	6.85828
Lira	16½	1882.18	1385.00
Yen	5	245.638	180.795
Norwgn Kr.	8	8.77634	6.47192
Spanish Pta.	½	N/A	125.909
Swedish Kr.	9	8.58834	6.34325
Swiss Fr.	4	2.50425	1.84324
Greek Dr'ch	20½	124.968	92.1545
Irish Punt	12¾	0.978215	0.721527

*C$/SDR rate for October 1: 1.30809.

EXCHANGE CROSS RATES

Oct. 2	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.240	3.770	304.5	11.57	3.110	4.250	2336.	1.630	76.50
U.S. Dollar	0.807	1.	3.043	246.0	9.325	2.509	3.429	1883.	1.315	61.68
Deutschemark	0.265	0.329	1.	80.77	3.068	0.825	1.127	619.6	0.432	20.29
Japanese Yen 1,000	3.284	4.071	12.38	1000.	37.99	10.21	13.96	7671.	5.351	251.2
French Franc 10	0.864	1.072	3.259	263.2	10.	2.689	3.674	2019.	1.409	66.13
Swiss Franc	0.322	0.399	1.212	97.91	3.719	1.	1.367	751.0	0.524	24.60
Dutch Guilder	0.235	0.292	0.887	71.65	2.722	0.732	1.	549.6	0.383	18.00
Italian Lira 1,000	0.428	0.531	1.614	130.4	4.952	1.331	1.820	1000.	0.698	32.75
Canadian Dollar	0.614	0.761	2.314	186.9	7.099	1.909	2.608	1433	1.	46.95
Belgian Franc 100	1.307	1.620	4.928	398.0	15.12	4.065	5.556	3055.	2.130	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 11⅛-11¼ per cent; seven days 11⅛-11¼ per cent; one-month 11⅛-11¼ per cent; three months 11⅞-12 per cent; six months 11¾-11⅞ per cent; one year 12-12⅛ per cent. Long-term Eurodollars: two years 12⅛-12¼ per cent; three years 12⅛-12⅜ per cent; four years 12⅜-12½ per cent; five years 12½-12⅝ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates static in quiet trading

Interest rates were barely changed in London yesterday in rather quiet and featureless trading. Sterling showed very little overall movement while the dollar was confined to a relatively narrow range. Three-month eligible bank bills were bid at 10⅜ per cent, unchanged from Monday, while three-month interbank money was quoted at 10 11/16-10 13/16 per cent compared with 10⅝-10¾ per cent. Overnight interbank money opened at 10⅛-10⅜ per cent and rose to 12 per cent.

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £312m and Exchequer transactions a further £510m. In addition banks brought forward balances £105m below target. On the other hand there was a fall in the note circulation of £60m.

To help alleviate the shortage the Bank offered an early round of assistance which comprised purchases of £78m of eligible bank bills in band 2 (15-33 days) at 10⅜ per cent and £20m in band 3 (34-63 days) at 10⅜ per cent. In band 4 (64-91 days) it bought £36m of eligible bank bills at 10⅜ per cent. It gave additional help in the morning of £168m made up of purchases of £5m of eligible bank bills in band 2 at 10⅜ per cent, £6m in band 3 at 10⅜ per cent and £4m in band 4 at 10⅜ per cent. It also arranged sale and repurchase agreements on £153m of bills at 10⅜ per cent, unwinding in equal amounts on October 29 and 31.

In the afternoon the Bank bought £6m of eligible bank bills in band 2 at 10⅜ per cent and in band 3, £15m of local authority bills and £61m of eligible bank bills all at 10⅜ per cent. In band 4 it bought £10m of eligible bank bills at 10⅜ per cent. It also arranged sale and repurchase agreements on £309m of bills at 10⅜ per cent, unwinding on October 15. Total help was £703m.

UK clearing banks' base lending rate 10½ per cent (since August 20)

MONEY RATES

Oct. 2	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.55-5.70	11⅛	2¾-3¼	6-6⅛	6.15625	17-17⅜	7.75	12¾-13
One month	5.80-5.95	11 1/16-11 3/16	4⅜-4⅝	6-6⅛	6.21875	16¾-17⅛	10⅞-11⅛	12¾-13
Two months	5.80-5.95	11 1/16-11 3/16	—	—	—	—	—	12⅞-13⅛
Three months	6.00-6.10	11 1/16-11 3/16	5 7/16-5 9/16	6 3/16-6 5/16	6.34375	17⅛-17½	10⅞-11⅛	13-13¼
Six months	6.05-6.15	11 1/16-11 3/16	—	5 15/16-6 1/16	—	—	10⅞-11⅛	13¼-13½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Oct. 2 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10½-12	10⅝	10½-11	10-11	—	—	—	—	—
2 days notice	—	—	10⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10⅛-10¾	10¾	10⅞-11	10½-10⅝	—	—	—	—	—
One month	10¾-10 11/16	10½-10¾	10¾	10⅞-10 15/16	10½	10 5/32	10⅝	10 7/32	10⅜	11 1/32
Two months	10⅝-10⅝	10 11/16-10 13/16	10⅝	10 13/16	10¼-10⅜	10¼	10 3/32	10¼	10 7/32	10⅞
Three months	10⅝-10⅝	10 11/16-10 13/16	10⅝	11	10⅛-10¼	10⅛	9 31/32-10	10 5/32	10 3/32	10¾
Six months	10 11/16-10⅝	10 11/16-10 13/16	10¾	—	—	—	—	10-10 1/16	9 15/16	10⅝
Nine months	10 11/16-10⅝	10¾-10⅞	—	—	—	—	—	—	—	—
One year	10 11/16-10⅝	10¾-10 13/16	10⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11⅛-10⅞	—	10⅝	11.1-11.2	9 7/16-9 9/16	9⅝-9¾
Two months	11⅛-10⅞	—	10⅝	11.15-11.25	9 9/16-9¾	9⅞-9⅞
Three months	11⅛-10⅞	—	10¾	11.5-11.4	9¾-10	9⅞-10 1/16
Six months	10¾-10½	—	10¾	11.55-11.65	9⅞-10⅛	10 1/16-10¼
Nine months	11⅛-10⅞	—	10⅞	11.6-11.8	—	—
One year	11⅛-10⅞	—	10 15/16	11.8-12	10⅛-10¾	10¼-10 7/16
Two years	—	11¼	—	—	—	—
Three years	—	11⅜	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 10.0903 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11 per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10¼ per cent from September 12. Deposits held under Series 5 10¼ per cent. The rates for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12½-12¾
Broker loan rate	11⅞-12½
Fed funds	11⅝
Fed funds at intervention	11⅝

Treasury Bills

One month	10.20
Two month	10.25
Three month	10.24
Six month	10.34
One year	10.33

Treasury Bonds

Two year	99 29/32
Three year	100 9/32
Four year	103½
Five year	100⅞
Seven year	105 7/32
10 year	100 27/32
30 year	101 7/32

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. October 2)

3 months U.S. dollars

bid 11 9/16 | offer 11 11/16

6 months U.S. dollars

bid 11 3/4 | offer 11 7/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Firm undertone

Prices reacted to bearish short-term technicalities but recovered on a basically firm undertone in the London International Financial Futures Exchange yesterday. Following a softer U.S. bond market, the market was faced with a higher Federal funds rate and the absence of any Fed intervention on Monday.

Also looming, like a giant tidal wave, was the prospect of a bunched and consequently huge U.S. refunding programme, threatening to flood the market. Against this background U.S. *Treasury bond futures* were softer at the outset but U.S. participation later in the day saw values recover on short covering to finish close to the day's highs.

Gilt prices were marked down initially but attracted little follow through selling so that values picked up later in the day on good underlying demand. The stronger trend was even the more impressive when considering the current industrial situation and several other potentially bearish factors.

Euro-dollar prices slipped at the opening but recovered on profit taking. The current FOMC meeting had attracted attention although there is seldom any positive indications of any shift in policy for some time after the meeting.

FT-SE prices fell badly on a lower Wall Street and possibly some delayed jitters over Johnson Matthey Bankers. The mark down proved to be overdone however and values recovered as confidence returned to the market.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	88.63	88.64	88.51	88.67
March	88.33	88.36	88.22	88.37
June	88.04	88.06	87.94	88.08
Sept	87.78	87.78	87.68	87.81
Dec	—	—	—	88.72

Est Volume 3,876 (2,476)
Previous day's open int 10,260 (10,392)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	89.88	89.89	89.81	89.88
March*	89.83	89.84	89.79	89.87
June*	89.64	89.64	89.57	89.69
Sept*	89.46	—	—	89.50
Dec*	—	—	—	89.62

Est volume 792 (1,186)
Previous day's open int 5,529 (5,437)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	107-19	107-24	106-30	107-05
March	107-04	107-04	107-02	106-20
June	106-25	—	—	106-15
Sept	109-28	—	—	109-18

Est volume 2,058 (1,168)
Previous day's open int 2,268 (2,274)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 06 to 14 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2435	1.2435	1.2405	1.2405
March	1.2475	1.2475	1.2450	1.2442
June	1.2525	1.2525	1.2500	1.3492

Est volume 2,249 (546)
Previous day's open int 7,212 (—)

DEUTSCHE MARKS DM125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3323	0.3336	0.3318	0.3315
March	0.3370	—	—	0.3359
June	—	—	—	0.3716

Est volume 58 (295)
Previous day's open int 171 (—)

SWISS FRANCS SwFr125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4040	0.4046	0.4035	0.4037
March	—	—	—	—
June	—	—	—	0.4456

Est volume 41 (6)
Previous day's open int 437 (437)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	111.90	112.00	110.80	112.35
March	111.90	—	—	112.35

Est volume 250 (243)
Previous day's open int 837 (867)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	66-30	67-00	66-20	66-28
March	66-12	—	—	66-08

Est volume 867 (842)
Previous day's open int 1,216 (1,030)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4107	—	—	0.4102

Est volume nil (nil)
Previous daly's open int 133 (—)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	66-30	67-00	66-20	66-28
March	66-13	66-15	66-02	66-10
June	65-30	65-30	65-20	65-27
Sept	65-17	65-17	65-09	65-14
Dec	65-05	65-05	64-29	65-02
March	64-27	64-27	64-19	64-24
June	64-18	64-18	64-11	64-15

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.74	89.74	89.70	89.73
March	89.43	89.43	89.40	89.43
June	89.11	89.14	89.11	89.13
Sept	—	—	—	88.86
Dec	88.60	88.60	—	88.59
March	88.39	88.39	—	88.38
June	—	88.22	88.22	88.20
Sept	—	—	—	88.05

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	88.74	88.75	88.66	88.71
March	88.46	88.46	88.37	88.43
June	88.16	88.17	88.08	88.15

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	88.34	88.35	88.27	88.32
March	88.07	88.07	87.95	88.03
June	87.77	87.78	87.66	87.73
Sept	87.51	87.51	87.40	87.47
Dec	87.24	87.25	87.17	87.22
March	87.01	87.01	86.94	86.99
June	86.79	86.79	86.73	86.79

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.2425	1.2455	1.2400	1.2415
March	1.2470	1.2500	1.2430	1.2455
June	1.2510	1.2560	1.2480	1.2510
Sept	1.2560	1.2630	1.2530	1.2560

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	66-29	66-31	66-21	66-28
March	66-07	66-08	65-28	66-02
June	—	—	—	65-11
Sept	—	—	—	64-23
Dec	—	—	—	64-05

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 2.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	93¾	94¼	−0¼	−0¾	12.86
All Nippon Airways 14 94	100	108½	109	−0⅝	−0⅞	12.38
American Savings 12 89	125	96⅛	96⅝	−0⅛	+0⅜	13.86
Austria Rep 13⅝ 92	100	102⅝	103⅛	0	−0¼	12.38
Bank of Tokyo 13⅝ 91	100	101⅛	101⅝	−0⅝	−1	13.27
C.N.C.A. 13⅛ 91	100	99¼	99¾	−0⅝	−0½	13.32
Caisse Nat Tele 13¾ 91	100	102⅛	102⅝	−0½	−0¾	13.16
Coastfed Int 12¼ 88	125	98⅛	98⅝	−0½	−0⅛	12.78
Creditanstalt 13⅛ 91	100	99	99½	−0¼	−0⅛	13.26
Denmark Kingdom 13 91	100	98½	99	−0½	0	13.25
Denmark 13⅞ 88 XW	100	101½	102	−0⅛	+0⅛	13.23
Denmark Kingdom 14 91	100	103⅝	104⅛	−0¼	−0⅜	13.07
E.I.B. 12½ 90	100	97¾	98¼	−0¼	−0⅜	12.98
E.I.B. 12⅞ 94	100	99⅜	99⅞	−0⅛	−0¼	12.91
E.I.B. 13 98	200	98⅞	99⅜	+0⅛	−0⅛	13.14
Ex-Im Bk Japan 13¼ 91	75	101½	102	−1⅛	−1	12.81
First Mich 13¼ 89 May	125	100½	101	−0¼	−0⅜	12.99
First Mich 13¼ 89 July	75	100⅜	100⅞	−0¼	−0½	13.02
Florida Fed Sav 12⅜ 89	100	98¼	98¾	0	+0⅜	12.77
Gen Elec Credit 0 96	600	28⅞	29⅜	−0⅜	+0⅛	11.85
Genossen Zentral 14 91	100	101⅝	102⅛	−0⅝	−0¾	13.52
GMAC O/S Fin 13 86	200	100½	101	−0¼	−0⅜	12.48
Hsw Credit Corp 11¾ 87	200	98½	99	−0¼	−0⅛	12.27
Indust Bk Japan 11½ 89	125	94½	95	−0¼	−0¼	13.09
Indust Bk Japan 13⅞ 91	125	107	107½	−0⅜	−0⅛	12.20
Japan Air Lines 12½ 94	70	101¼	101¾	−0⅜	0	11.71
Japan Air Lines 13⅜ 94	180	103⅝	104⅛	−0½	−0½	12.64
L.T.C.B. 13⅝ 91	125	102⅜	102⅞	−0½	−0⅜	12.99
Macy O/S 11¾ 91	100	95	95½	0	+0¾	12.81
Mellon Bank 13 87	100	98⅞	99⅜	−0⅝	−0⅜	13.35
Mitsui Trust Fin 12 91	100	94⅛	94⅝	−0½	−0⅝	13.33
Montagu 13¼ 91	100	100¾	101¼	−0¼	−0⅛	13.00
Montreal City 12½ 91	70	94⅞	95⅜	−0¼	−0⅜	13.63
Morgan Guaranty 12¼ 89	150	96⅞	97⅜	0	−0⅛	13.07
Newfoundland Prov 13 91	75	99	99½	−0⅞	−1½	13.13
Nippon Cred Bk 13⅞ 89	100	101¾	102¼	−0⅛	−0⅜	13.24
Nippon Tele 11⅞ 90	100	97⅜	97⅞	[illegible]	[illegible]	11.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Met 12⅞ 94	50	100	100½	+0½	+0⅛	12.81
World Bank 11⅝ 89	200	94⅞	95⅜	−0⅝	−0⅜	12.66
World Bank 12⅞ 94	200	99⅛	99⅝	−0⅛	−0⅝	12.98
Yasuda Tst&Fin 12⅜ 89	100	96⅜	96⅞	−0⅛	+0⅜	13.36

Average price change On day −0⅜ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	100⅝	101⅛	+0⅜	0	7.38
Amca Int'l 8¼ 91	100	101	101½	+0⅛	−0⅛	7.98
A.N.A.S. 8½ 91	150	101⅞	102⅛	0	+0½	8.12
Austria Republic 7⅝ 94	200	98¼	99	−0⅛	+0⅜	7.83
Baxter Travenol 7¼ 94	200	98½	98⅞	+0⅛	+0⅜	7.41
Credit National 8⅛ 94	200	100⅝	101⅛	0	+0¼	8.00
Degussa Int Fin 7½ 94	100	102	102¾	+0⅛	+0⅞	7.13
E.E.C. 8 92	200	100⅛	100⅞	−0½	−0⅞	7.90
E.I.B. 8 91	250	100⅝	101⅛	−0⅜	−0¼	7.85
Escom 8 92	150	99¼	100	+0⅜	+0⅝	8.05
Ferrovie Delle Stato 8 91	100	99⅞	100⅝	+0⅛	0	7.93
Finland Rep 7½ 91	150	98⅝	99⅛	0	+0⅛	7.68
Gould Int Fin 7⅝ 91	100	99⅞	100⅝	+0⅛	+0⅛	7.56
Int Standard Ele 7¾ 90	100	101¾	102¼	−0½	+0⅛	7.01
Ireland 8¼ 92	150	100	100¾	+0⅛	+0⅛	8.04
Japan Fin Corp 7⅝ 91	100	100¾	101½	+0¼	+0⅛	7.40
Megal Fin 8¼ 94	150	100⅝	101⅛	+0¼	0	8.12
Mitsubishi Hvy 3½ 89WW	300	101¼	102	0	0	3.18
Mitsubishi Hvy 3½ 89XW	300	89⅞	90⅝	0	+0⅛	5.83
O.K.B. 7½ 88	100	99⅝	100⅜	+0⅛	+0¼	7.49
Pepsico O/S Fin 7¼ 94	250	100	100¾	0	+0⅜	7.18
Reynolds O/S Fin 7⅜ 94	125	100½	101¼	+0⅛	−0⅜	7.36
Societe Cent Nucleur 8 91	100	101⅝	102⅜	+0¼	+0⅞	7.60
Sth Africa Rep 8½ 91	200	101¾	102½	0	+0⅞	8.09
World Bank 7¾ 89	100	99¾	100½	+0⅛	+0⅛	7.70
World Bank 8 94	200	101⅛	101⅞	+0⅛	+0⅜	7.78

Average price change On day 0 on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6¼ 94	100	†101¾	102	+0½	+1	5.99
Canada 5¼ 92	200	†100	100¼	0	0	5.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.39
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.88
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.39
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.52
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.98
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.86
Tauernkraftwerke 5½ 94	100	*†98½	98¾	0	−0½	5.68
Tobu Railway 4 92 WW	100	†97¾	98	+0¼	+0¾	4.33
Tobu Railway 4 92 XW	100	†87	87½	0	+0¼	6.17
Transcanada Pipe 5½ 92	100	*†93¾	59	0	0	5.68
World Bank 6⅛ 94	200	†102	102¼	−0⅛	−0¾	5.83

Average price change On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅜ 94	15	99	99½	0	0	7.48
Eurofima 7⅜ 94	10	99⅝	100⅛	+0⅛	+0¼	7.38
New Zealand 7⅛ 90	15	98¾	99¼	+0¼	+0⅝	7.33
World Bank 7 94	20	95½	96	0	+0¼	7.63
World Bank 7⅜ 93	20	100½	101	−0⅛	−0¼	7.50

Average price change On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Banque Indosuez 14 91 CS	75	†100⅝	101⅛	−0⅛	0	13.76
Canadian Dec 12⅜ 89 CS	60	†95⅞	96⅜	0	0	12.95
C.N.E. 13 93 CS	50	†97	97½	−0¼	−0⅛	13.53
Edmonton 13¾ 89 CS	50	†101⅜	101⅞	−0⅛	+0⅛	13.26
Quebec Hydro 14 91 CS	75	†103¼	103¾	−0⅛	−0¾	13.15
Sears Accept Co 14 91 CS	50	†105½	106	−0¼	−0⅛	12.68
Vancouver City Of 13 94CS	30	†100½	101	−0⅜	−0½	12.82
Winnipeg City 12¾ 91CS	50	†98	98½	−0½	−0⅛	13.15
E.E.C. 11¼ 91 ECU	50	104⅞	105⅛	+0⅛	0	10.21
I.B.J. 11⅛ 89 ECU	40	†103⅛	104⅛	−0⅛	0	10.18
I.I.I. 11 89 ECU	60	99¾	100½	−0¼	−0½	10.95
Aegon 8¼ 89 FL	100	101¼	101¾	0	−0⅛	7.84
Beatrice Foods 8¼ 89FL	100	103⅛	103⅝	+0⅛	0	7.38
Dai-Ichi 8½ 89 FL	50	101	101½	+0⅛	+1⅜	8.17
New Zealand 8¼ 89 FL	100	100⅛	100⅞	−0⅛	+0⅛	8.07
Rank Xerox Fin 8¼ 89FL	75	102½	103	+0⅛	+0½	7.51
World Bank 8¼ 89 FL	150	100⅝	101⅛	0	+0⅛	8.08
Charbonnages 13⅞ 85 FF	400	101⅝	102⅝	0	0	11.78
Air Canada 11¼ 94 £	40	95⅞	96⅜	+0⅛	+0⅛	11.92
Cncl Europe 11⅜ 92 £	50	97½	97⅞	0	+0⅜	11.89
Denmark 10¾ 88 £	75	95⅝	96⅛	+0¼	+0¼	11.94
Denmark 11⅞ 94 £	75	98	98½	+0⅛	+0½	12.18
E.E.C. 11⅜ 94 £	50	97¾	98¼	+0⅛	+0¾	11.71
E.I.B. 10¾ 92 £	50	94⅝	95⅛	0	+0⅝	11.80
I.B.J. 11⅝ 95 £	30	100	100½	+0⅛	+0⅜	11.56
Ireland 11⅞ 94 £	50	94⅜	94⅞	0	+0¼	12.33
New Zealand 10⅝ 89 £	100	95⅜	95⅞	0	+0⅛	11.88
O.K.B. 12¼ 91 £	30	102½	103	0	+0½	11.61
Royal Trustco 12⅛ 89 £	30	103⅛	103⅝	0	0	11.27
SNCF 11¼ 94 £	60	94⅞	95⅜	0	+0⅝	12.11
Sth Africa Rep 12½ 89£	40	†100⅛	100⅝	0	−0⅛	12.35
United Tech 11¾ 89 £	35	100¾	101¼	+0⅛	+0⅛	11.47
World Bank 10⅝ 89 £	100	95¾	96¼	+0⅛	+0½	11.77
Electrolux 10 89 LF	500	98⅝	99⅝	0	−0⅛	10.23
E.C.S.C. 10½ 94LF	100	98⅞	99⅞	+0⅛	+0⅛	10.59

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	99⅛	99⅝	11/10	11.19	11.26
Banca Naz Agri 5¼ 91	0¼	†99⅞	100⅛	18/2	12⅞	12.81
Bank of Montreal 5 96	0⅛	100	100¼	27/10	11.19	11.17
Bankers Trust 5¼ 96	0⅛	100	100½	10/8	11¾	11.72
Barclays O/S Inv 5 2004	0⅛	99½	99¾	2/9	10.56	10.60
B.F.C.E. 5¼ 98	0⅛	99½	99¾	13/3	12.19	12.23
BFG Fin 5¼ 98	0⅛	99	99¼	1/9	11⅝	11.98
B.N.P. 5¼ 96 (July)	0¼	100⅛	100⅝	21/1	12.94	12.89
Citicorp O/S Fin 5¼ 98	0	99¼	99¾	23/10	5¼	5.28
Credit Lyonnais 5¼ 98	0¼	100⅛	100⅝	14/12	12⅝	12.59
Dai-Ichi Kangyo 5¼ 96	0⅛	99⅝	100⅛	10/11	12⅛	12.14
Dresdner Fin 5¼ 89	0	99¾	100	23/8	11⅝	11.64
E.D.F. 5¼ 99	0⅛	99½	99¾	23/8	10.56	10.60
Estabanken 5⅛ 94	0⅛	98⅞	99⅜	10/11	12.19	12.30
Lloyds Euro 5 2004 §	0⅛	99	99¼	18/10	11.31	11.41
Midland Int Fin 5 99 §	0⅛	99⅜	99⅝	6/9	10.56	10.62
Mort Bk Denmark 5¼ 99	0⅛	99⅞	100⅛	11/8	11	11.00
Nat West-Perp 5 89	0⅜	100	100¼	10/11	12.44	12.42
Queensland Coal 5¼ 96	0¼	100⅛	100⅝	9/11	11⅝	11.58
Societe Gen 5¼ 94	0⅛	99⅞	100⅛	15/9	10.18	10.18
Sweden Perp 5¼ 85	0¼	100	100½	9/2	13¼	13.22
Takugin 5¼ 94 §	0⅛	99¾	100¼	15/9	10¾	10.75
Tokai 5¼ 99	0⅛	100	100½	12/12	12½	12.47
Toyo 5¼ 99	0⅛	100⅛	100⅝	14/12	12⅝	12.59

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1159	95⅛	96⅛	−0¼	10.42
Canon Sec Co 5½ 98	10/83	491.8	†110	111	−0¾	2.28
Fanuc 3¼ 98	1/84	9142	151¾	152¾	−3⅛	27.27
Fujitsu 3 99	5/84	1320.9	102⅝	103⅝	−0⅞	2.03
Honda Motor 5¼ 98	6/83	884	138½	139¼	−2⅝	0.25
Konishiroku Photo 4 98	10/83	673	85⅞	86⅞	−0⅝	3.96
Marui 3½ 99	7/84	1162	90⅞	91⅞	−2½	−1.97
Minebea Co Ltd 5½ 98	5/83	667	104½	105½	−0¼	3.26
Mitsubishi Elec 5¼ 98	6/83	396	107⅝	105⅝	−0⅝	3.81
Murata 3½ 99	2/84	2938	122⅞	123⅛	−1⅜	23.46
Murata 3½ 2000	7/84	2398	120⅝	121⅝	−0⅞	−0.58
Nippon Oil Co 3¼ 99	3/84	1052	78	79	−1½	−1.80
Nippon Oil Co 5½ 98	4/83	984	88¼	89¼	−1¼	0.28
Nissan Motor 5¼ 98	4/83	760	88½	89½	−0½	0.89
Oki Elec Ind 3½ 99	10/84	865	100½	101½	−1	0.95
Orient Leasing 5¼ 98	6/83	2680	126¼	127¼	−0½	−5.18
Secom 3⅝ 99	10/84	5434	100⅞	101⅞	−1¼	5.11
Secom 5 98	11/83	2920	*†172	173	−2	−0.22
Sekisui House 3 99	6/84	812	87⅛	88⅛	−1⅛	−2.12
Sumitomo Corp 2⅞ 99	5/84	593	75¾	76¾	+0⅛	−2.17
Yamanouchi Pharm'cal 4 80	10/83	1483.2	102¼	103¼	+1⅝	3.40
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†104½	104¾	−1½	14.48
Nippon Shinpan Co 2 92 SF	3/84	801	†95¼	95½	−0¼	35.13
Settsu Paper 2⅛ 92 SF	4/84	677	*†145	145¼	−0⅞	−2.73
Aocs 5 92 DM	12/83	520	101⅞	102⅞	−0½	22.16
Sun Realty 6¼ 92 DM	2/83	365	152⅝	153⅝	+2⅞	−1.59

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Co. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cov. date – First date for conversion into shares. Cov. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

Eurodollar market sighs with relief

BY MAGGIE URRY IN LONDON

THE EURODOLLAR bond market was relieved yesterday that no more deals were launched. Though Monday's crop of three issues held up fairly well, prices generally were up to ¼ point lower, and traders blamed the weight of new issues.

The massive Chevron issue, now nearly two weeks old, slipped again to a discount to the 99¾ issue price of as much as 3⅛ point. Dealers said the lead manager was not seen to be supporting the deal.

Rumours abounded of possible floating rate note issues, from British or French banks. There have been few FRNs lately and syndicate managers believe that the market would be receptive to such issues.

In the D-Mark bond market, Monday's United Technologies issue continued to trade well, at around 99¾ compared with the 100½ issue price. Otherwise the bond market was quiet, with prices regaining early losses to close unchanged on the day. Today's Bonn Cabinet discussions on the repeal of withholding tax seem to be largely discounted by the market.

Swiss franc bonds were slightly better where changed in low turnover.

Credit Suisse priced the SwFr 30m convertible private placement for Japanese high-tech group Takeda Riken with a coupon of 2⅛ per cent, a cut of ⅛ point from the indicated 2⅜ per cent. The company's $40m convertible had also had its coupon cut on Monday from 3⅝ per cent to 3⅜ per cent. The Swiss franc issue has a conversion premium set at 2.3 per cent. Both issues are trading well with the Swiss franc bond bid as high as 107¾, while the dollar issue is changing hands around 107¼.

The SwFr 100m private placement for Aoki Construction was priced by Swiss Volksbank with a coupon of 2⅛ per cent, down from the indicated 2¼ per cent, and with a nil conversion premium. The put option has been set at 104 after 3½ years.

The Council of Europe is raising LuxFr 600m through a public issue in the domestic market. Banque Internationale à Luxembourg is lead managing the 10-year issue, which has an average life of 8.46 years. The coupon has been set at 10¼ per cent.

BHF Bank bond average		
Oct. 2 100.629		Previous 100.631
High 100.631	1984	Low 98.058

OVER-THE-COUNTER

Continued from Page 32

Stock	Sales (Hnds)	High	Low	Last	Chng
PersCpt	12	6⅞	6⅞	6⅞	−⅛
Perdis 1.12	39	31½	30¾	30¾	−¼
StrwC s .90b	22	49	47	49	+1¼
Stryker	26	23	22¼	22¼	−1
StuartH .05	34	5	4¾	4¾	+¼
Subaru 1.24	158	99¾	98¾	98¾	
SuprB 1.84	15	38¼	38¼	38¼	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]